

To: Massachusetts Non-Utility Parties  
From: Massachusetts utilities  
Subject: ES Appliance Metrics 1 & 2  
Date: March 11, 2003

The material following this memo will provide the documentation for the 2003 ES Appliances 1 and 2 metrics on behalf of the Massachusetts utilities – Massachusetts Electric Company (MECO), Nantucket Electric, NSTAR Electric, Unitil/Fitchburg Gas and Electric, and Western Massachusetts Electric Company (WMECO).

The paper discusses the development of the 2002 ITP (Invitation to Participate) process, the initiatives that resulted from it, as well as the successes and struggles that occurred along the way.

The concept of ITPs stemmed from the need to control budgets and leverage industry dollars. And they did just that. By using approximately \$200,000, the utilities were able to leverage roughly another \$300,000 from industry. These dollars contributed to a variety of initiatives including rebates, special promotions, media impressions, and salesperson incentives.

In most cases, the relationship between the utilities and the retailers grew stronger through the ITP process. By working closer together, it gave each player a better understanding of each other's need therefore creating successful promotions.

Through this new program design, the utilities discovered that this strategy is a harder one to manage. Instead of managing one yearlong consistent program, these ITPs turned into several "mini programs" that required a great deal of time and effort to implement. However, the ITPs should run more smoothly going forward with the experience we have gained. To that end, future ITPs will have more concrete promotional concepts opposed to the "let's make a deal" approach that occurred in 2002. This will also eliminate some feelings of favoritism voiced by some retailers that could not compete in the same manner as others.

Further details on benefits and limitations of the ITP process are discussed in the final section of the document.

Based on the results of this report, the Massachusetts utilities - Massachusetts Electric Company (MECO), Nantucket Electric, NSTAR Electric, Unitil/Fitchburg Gas and Electric, and Western Massachusetts Electric Company (WMECO) – have achieved the exemplary levels (125%) for metrics ES Appliance 1 and ES Appliance 2.

## **Industry Initiative Documentation for Metrics, ES Appliances 1 and ES Appliances 2**

The purpose of this paper is to document metrics, ES Appliances 1 and 2 for the Massachusetts utilities – Massachusetts Electric Company (MECO), Nantucket Electric, NSTAR Electric, Unitil/Fitchburg Gas and Electric, and Western Massachusetts Electric Company (WMECO).

The paper discusses the 2002 ITP (Invitation to Participate) and the initiatives that resulted from the process. SECTION I takes you through the ITP process and how the Massachusetts utilities along with the other sponsors<sup>1</sup> of the Regional ENERGY STAR<sup>®</sup> Appliance Initiative developed the ITP. It goes through the process of engaging industry, why the ITP process was implemented and the problems the sponsors incurred along the way. SECTION II gives summary and detailed information about the initiatives undertaken by Massachusetts utilities and other sponsors in the region. SECTION III provides a final conclusion of the ITP process and addresses some of the strengths and areas of improvement required to move forward in 2003.

Attachments A – D provides the additional information to satisfy the threshold and design requirements of the two metrics.

### **SECTION I**

A significant portion of SECTION I was taken from a paper titled “Engaging Industry - Better Their Money than Ours” written for the ACEEE (American Council for an Energy Efficient Economy) by Glenn Reed, Northeast Energy Efficiency Partnerships; Peter Bardhi, National Grid USA; Ed Murphy, Western Massachusetts Electric Company; Jeff Pratt, Pacific Energy Associates; and Subid Wagley, Northeast Energy Efficiency Partnerships. Information was slightly modified to reflect solely the appliance initiative and Massachusetts.

#### **Introduction**

Over the past five years, the Northeast has seen many notable successes arising from its Regional ENERGY STAR Appliance Initiative. Massachusetts alone has achieved one of the highest market shares for ENERGY STAR clothes washers in the nation – an estimated 27.15% as of second quarter of 2002, 11.39% higher than the national average.

A number of program components have contributed to the Initiative’s success. The Massachusetts utilities as well as the other sponsors of the Northeast Regional Appliance

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<sup>1</sup> Other Regional Initiative Sponsors that are undertaking joint/coordinated program delivery include: United Illuminating Company and Connecticut Light and Power in Connecticut, Narragansett Electric in Rhode Island, Long Island Power Authority in New York, Granite State Electric in New Hampshire, Efficiency Vermont in Vermont, and the Cape Light Compact (a municipal aggregation group) in Massachusetts.

Initiative and program contractors have actively recruited retailers to participate in the program, attaining nearly 100 percent participation by appliance retailers. Since 1999, the region has supported an integrated marketing campaign that has included the use of TV, radio, print ads, and point of purchase materials. Nonetheless, the program element that has had the greatest effect on regional Initiative success is the \$7 million in consumer rebates (over \$4 million in Massachusetts) that have been spent in the four years from 1998 through 2001. In turn, these rebates have leveraged millions of dollars in ENERGY STAR product sales. However, as ENERGY STAR product market shares increase, this level of rebate expenditures is ultimately not sustainable, nor is it desirable as our goal is to have industry become the primary champion for ENERGY STAR products. Thus, National Grid, NSTAR, Unitil/Fitchburg Gas, and Western Massachusetts Electric concerted with the other sponsors in the region to more formally integrate industry input into the regional planning process and to solicit and implement, innovative industry-generated ideas that support a common set of objectives to promote ENERGY STAR appliances.

### **Background**

The strategic planning process began in the early fall of 2001 by the Northeast Regional Appliance Initiative to expand their partnerships with manufacturers, distributors, retailers, and others. The objective of this process was to not only solicit industry input into the regional planning process, but to encourage them to come forward with their own ideas, as well as co-funding, to implement new activities that would support both their goals and those of the Initiatives. While utilities and market transformation groups have certainly worked with industry in the past through co-op advertising efforts, manufacturer buy-downs, and a variety of special promotions, the process implemented in the Northeast represents a broader, more strategic process that, if successful, will ultimately accelerate the shifting of ENERGY STAR product promotion and support from the Initiative Sponsors to industry.

Since 1997, electric, gas, and efficiency utilities in the Northeast have increasingly worked together to promote energy efficient residential appliances. As the federal government developed ENERGY STAR specifications for these products, the Northeast Regional Appliance Initiative fully embraced the ENERGY STAR program's technical specifications, as well as the program's underlying consumer message and trade ally relationships. ENERGY STAR is a key marketing component in all of the Sponsors' appliance program activities.

The Initiatives activities are facilitated, and in some areas coordinated, by the Northeast Energy Efficiency Partnerships (NEEP), a regional non-profit dedicated to improving the efficiency of homes, businesses and industry throughout the Northeast. While there is no centralized administration of the Sponsors' residential appliance programs, the Initiatives provide a forum (through a Working Group arrangement) for the Sponsors' to develop and promote common policies, objectives and goals. Further, most, but not all, of the Sponsors of the Regional Initiatives undertake a combination of joint and coordinated program implementation activities. These include, but are not limited to, rebate design, consumer marketing campaign development and implementation, retailer and

manufacturer recruitment and support, and rebate coupon fulfillment. By early 2002, the Regional Initiative Sponsors undertaking joint and coordinated program implementation activities encompassed utilities in six states in New England and New York providing efficiency services to over 5 million households.

### **Evidence of Program Success**

There are numerous, potential indicators of program success by which to gauge the impact that the Regional Initiatives are having on their respective markets. For the appliance programs, the following provide some indication of current Sponsor activity and success:

- 2002 second-quarter data from EPA, the ENERGY STAR clothes washer market share for the participating Sponsors is approximately 41.9 percent higher than the national average in select national chain stores – 27.19 vs. 15.8 percent (Applegate 2002).<sup>2</sup> Among regional independent retailers, the ENERGY STAR clothes washer market share is approximately seven to eleven percentage points higher than that in national chain stores (Applied Proactive Technologies 2002).
- Massachusetts utilities and the other regional sponsors developed and implemented a comprehensive marketing campaign that included the distribution and/or display of over 6 million pieces of POP material items in 2001 alone. For three consecutive program years – 1999, 2000 and 2001 – the Sponsors' regional marketing campaign was awarded EPA's ENERGY STAR Excellence in Consumer Education Award.
- From 1998 through the end of 2001, Sponsors provided over \$6 million in consumer rebates leveraging the sale of over 80,000 ENERGY STAR clothes washers.
- Through the Massachusetts program retail support contractors, completed over 2394 visits in 2001 to over 234 appliance retailers to provide sales staff training, update eligible product listings, assist with the placement of point-of-purchase (POP) materials, and replenish appliance rebate forms. The success of these efforts can be demonstrated by the near 100 percent participation of appliance retailers in the Regional Initiative.<sup>3</sup>
- In 2001, Massachusetts strongly supported the adoption of new federal clothes washer energy efficiency standards that will become effective in two phases, beginning in 2004 and completed in 2007.

The initial focus of the Sponsors' appliance efforts had been resource efficient clothes washers. These efforts predated the ENERGY STAR specification for this product. Over the past year and a half, the Northeast ENERGY STAR Appliance Initiative has expanded to more fully support the other three primary ENERGY STAR appliances – refrigerators, dishwashers and room air conditioners.

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<sup>2</sup> Data for the following states were used to derive the regional market share estimate of 21.1 percent: Massachusetts, Connecticut, Rhode Island and Vermont.

<sup>3</sup> Massachusetts dropped its clothes washer rebate at the beginning of 2001, nonetheless, they have seen no decrease in the number of participating appliance retailers.

### **A Victim of Our Own Success?**

In 2001, the successes of utility programs like the Appliance Initiative became increasingly evident to the Sponsors. One outcome of these successes was some Sponsors encountered difficulty in controlling their program budgets. While control could be maintained through reducing rebate levels and pulling rebate offers from the stores on short notice, such strategies were viewed as stopgap measures. Further, the increasing market share for ENERGY STAR clothes washers raised some questions on whether there was a need for continuous rebates to support this technology.

These factors, and the desire to evolve the Initiatives toward greater sustainability, contributed to an examination of the direction of the Regional Appliance program. While the majority of the Sponsors were not prepared to fully abandon consumer rebates for ENERGY STAR appliance, Massachusetts opted to discontinue “status quo” rebates for 2002 in recognition that a certain level of market maturity had been attained and that new opportunities were potential open. Further, both Sponsors and regulators consider these Initiatives market transformation activities, though recognizing that the programs also have strong resource acquisition attributes. As market transformation activities, the evolving program model assumes an increasing level of industry engagement in support of the ENERGY STAR technologies. In fact, much of the regional programs’ successes can be attributed to the active participation of retailers and, to a somewhat lesser extent, to manufacturers and buyers groups. Nonetheless, many of the Sponsors’ industry partners had not made a commitment to promoting ENERGY STAR appliances at a level similar to that of the Sponsors. Sponsors’ efforts – rebates, regional marketing, and retailer support – were principal reasons for the high levels of consumer acceptance of these products. For the Regional Initiatives to be both successful and sustainable over the long term there was agreement that greater industry participation in the funding and implementation of the programs was desirable.

### **Engaging Industry**

The Sponsors recognized that any effort to get industry to devote greater resources to the *regional* sale and promotion of ENERGY STAR appliances would require an informational and educational outreach effort by Massachusetts and the other regional sponsors. The purpose of these outreach efforts was two-fold. First, to inform industry of the Sponsors’ intent to seek their more active participation, including funding, in the regional programs. Second, for the Sponsors to understand industry’s level of interest in this program concept and to determine what barriers to their participation there might be.

While the Sponsors and their contractors have on-going dialogs with many industry partners, it was decided that the proposed program direction required a concerted effort to meet and talk with industry before the Sponsors formalized their plans. To this end, the Sponsors communicated their plans through several activities:

- Direct mailings to an extensive list of ENERGY STAR appliance industry partners. The letter outlined the Sponsors’ plans for greater industry participation in the *regional* programs and noted that the Sponsors’ would like to more actively engage industry in our planning process to develop this program concept.



- Group and one-on-one discussions at the 2001 ENERGY STAR Partners Meeting in Sacramento. Program fact sheets noting both the programs' successes and this new, planned program direction were distributed to industry attendees. Several Sponsor representatives and NEEP participated in these discussions and presentations.
- Two sets of regional meetings to discuss the Sponsors' plans and industry's interest. Two days of meetings with appliance industry representatives were held in late November 2001, following the ENERGY STAR Partners Meeting. These meetings allowed all of the Sponsors, and their contractors, to meet directly with interested industry partners. Each industry representative was given an hour and a quarter to discuss their current ENERGY STAR product line and promotional plans for 2002. They had also been asked prior to the meetings to come prepared to suggest and discuss possible joint activities that they would be interested in pursuing with the Sponsors. The Sponsors were looking for industry-initiated program activities that the Sponsors could support.

The Sponsors found that these meetings were important in developing a better understanding of how they could work more closely with industry. While it is difficult to make industry-wide generalizations based on these meetings, some of the more noteworthy observations include:

- Industry showed a limited capability in generating new program ideas for potential co-funding or co-implementation. Even though the Sponsors had communicated their expectations several times to most of the industry attendees at the regional meetings, there still was considerable discussion about Sponsor supported product rebates.
- Several large national manufacturers stated that their ENERGY STAR program marketing efforts were planned and implemented at a national level and that they did not currently have a mechanism to direct resources to support targeted regional promotional campaigns.

### **Industry Solicitations**

Following the regional appliance industry meetings in November, the Sponsors met to determine how to proceed with developing actual industry-initiated program promotions. The Sponsors agreed that they needed to develop a more formal solicitation – an Invitation to Participate (ITP) which effectively served as a request for proposals - that could be sent to potential industry participants. The decision to develop and distribute a formal solicitation document was driven by several considerations:

- The process needed to be open to any and all potential industry partners. As public benefit funds were being used to support these efforts, the Sponsors sought to develop a process that was open to all potential participants.
- The solicitation document served to further communicate the Sponsors' expectations from industry and describe the general criteria that would be used to evaluate their submissions. To this end, the appliance ITPs contained a list and description of program concepts that the Sponsors had expressed an interest in

pursuing jointly with industry. The listed program concepts were ones that were thought to be of interest to industry, and a number of them had been proposed by industry during the Sponsors' meetings and discussions. The Sponsors sought to communicate that they were looking for more than industry support of the current program designs.

The ITPs also noted several criteria that the Sponsors would use to evaluate any industry proposals. These criteria included:

- Projected impacts/benefits – what are the expected benefits that will be generated by the proposed program activity, (e.g., additional number of units sold or stocked, increase in floor space dedicated to ENERGY STAR products, number of advertising impressions)?
- Cost leveraging – what value from industry will the Sponsors get for their contribution to the program concept?
- Ability and willingness to provide product sales, shipment, market share or other relevant data on a timely and ongoing basis. Will the Sponsors be able to assess projected program impacts and benefits from the available data?
- Extent of regional coverage and proposed program duration.
- Coordination with other state and federal energy efficiency programs.

The ITPs also strived to lower the barrier to participate by industry. Initial industry proposal presentations could be provided to the Sponsors in writing or verbally, either in person or by conference call. Further, while the appliance ITPs had due dates, the solicitations allowed for "rolling admissions". Early submissions could be considered prior to the proposal due date. Also, recognizing that certain industry partners might not be able to meet a specific due date, the ITPs allowed for submission after the due date, noting that they would be considered based on merit and available funding.

### **The Need for Data**

The third criteria listed above - ability and willingness to provide product sales, shipment, market share or other relevant data – was of particular interest to the Sponsors. The Sponsors' on-going rebate programs allow for a relatively straightforward determination of program participation and savings estimates. These participation and savings data are typically required for regulatory purposes. Further, several Sponsors have various payment and incentive mechanisms tied directly to their program savings estimates. In nearly all cases, the Sponsors' program contractors generate and provide the required program participation data for the on-going rebate programs. For many of the proposed industry-initiated program concepts, industry would have to provide the data required to assess program impacts and would have to do so on a timely and on-going basis.

For example, a manufacturer buy down would allow savings estimates to be developed, but only if the participating manufacturer collected and provided the required product sales and/or shipment data. This approach would not, however, allow for individual participants to be identified, which is possible under the current rebate programs. For some Sponsors this is a potential concern as are potential industry-initiated program

concepts that cannot directly track product sales or shipments, and might rely on more general estimates of product market share. Several Sponsors have begun to engage their regulatory agencies to assess what documentation might be required if some of these industry-initiated efforts are pursued. In Massachusetts, regulators have expressed an initial understanding that these programs might require a different level of regulatory reporting and burden of proof (Massachusetts Division of Energy Resources and Massachusetts Department of Telecommunications and Energy 2001).

### **Responses to the Appliance Solicitation Process**

The appliance solicitation was distributed at the end of January 2002. Proposals were due March 1. At the end of March three proposals had been received, two from the same large, national manufacturer. The other proposal was from a small, niche manufacturer.

None of the appliance proposals received were ready to implement “out of the box” and the Sponsors had anticipated post-submission negotiations with industry. The Sponsors have used their field support and marketing contractors to assist in their negotiations with industry, leveraging the contractors’ existing industry relations and their respective professional capabilities.

As of mid-May, one spiff-based proposal was implemented with a national manufacturer. Massachusetts did implement the modified SPIFF program, however, not all of the Regional Sponsors participated in this program activity given differing opinions on the effectiveness of sales staff incentives.

In addition to the formal appliance proposals received in response to the ITP, the Sponsors education and outreach process generated several program opportunities with Sears. As these opportunities were ultimately implemented on a state or utility level, rather than on a regional level, this industry partner did not need to go through the formal ITP solicitation process.

The response to the appliance solicitation was somewhat disappointing. Throughout the process the failure of many of the appliance industry partners to understand what the Sponsors were seeking was evident. Reasons why some appliance manufacturers/retailers were reluctant to participate are listed below.

- At least one major appliance manufacturer clearly stated that their marketing structure would not currently allow them to implement a campaign concept targeting a regional market.
- The then current rebate structure was providing sufficient market stimulation.
- The overall Sponsor appliance program budgets are not that large, particularly relative to the multi-billion size of many of the appliance manufacturers and retailers that the Sponsors engaged.
- At the time of the solicitation, several large retailers were in the process of determining what role energy efficiency products, and ENERGY STAR specifically, would play in their future corporate marketing plans. Conversely, Sears had early on embraced ENERGY STAR as a key part of their on-going appliance strategy.



- The RFP/proposal process is foreign to many of these industry partners, or at least to the individuals who responded. Only one of the three formal proposals received attempted to be fully to the appliance ITP responsive – answer all of the questions and follow the requested format.
- It appeared that many of these partners do not fully understand the long-term objectives of the Sponsors' market transformation programs.
- Several appliance industry partners were not well positioned to respond at the time of the solicitation. They were either unable to develop a regional marketing focus, or their internal position relative to energy efficiency was in flux.

If the Sponsors are to attempt a follow-up appliance solicitation, even more hand holding by the Sponsors and their contractors will likely be necessary. Nonetheless, the process did generate several program concepts that were pursued. The process also allowed the Sponsors to further strengthen an already productive relationship with the region's largest appliance retailer, Sears.

After reviewing the proposals, the Sponsors met to undertake an initial proposal screening and to develop a set of follow-up questions for potential participants. During this meeting, the Sponsors and NEEP developed a set of criteria to use to evaluate the proposals and identify additional information to be requested from the industry partners.

- What is the magnitude of the Sponsors' financial exposure? Is the program concept scalable to accommodate lower levels of Sponsor support? What is the minimum level of program activity needed to proceed?
- What does the industry partner want from the Sponsors in order to participate? What contribution are they providing?
- Do the proposed products meet current ENERGY STAR specifications?
- Is there a documented commitment from any listed co-partners? Specifically, does a manufacturer have a firm commitment from any listed retail co-partner(s)?
- Does the proposal adequately address Sponsors' savings data requirements?
- Does the proposal meet the need for regional geographic coverage?
- Does the proposal promote products that the sponsors are interested in?
- Does the proposal address equity issues, e.g. target hard to reach populations?
- Will the industry partner participate in national ENERGY STAR campaigns?
- Can the program concept be easily implemented?
- Does the manufacturer have a current retail presence in the Northeast?
- Have there been any past issues of product quality?

In applying these criteria a small number of proposals were eliminated from further consideration for 2002. For all of the remaining proposals questions were compiled which were forwarded to the industry partners in preparation for further Sponsor discussion in June.

### **Conclusions**

Massachusetts led the charge with this new ITP process. Other sponsors were somewhat skeptical in converting to a complete ITP- based program, thus maintained their rebates

and used the ITP process to supplement their programs opposed to using it in lieu of rebates as the Massachusetts utilities did.

Despite program differences across states, the sponsors of the Northeast Regional ENERGY STAR Appliance Initiative have made significant strides in their outreach effort to more fully engage industry – manufacturers and retailers – in the funding and implementation of appliance program in New England and Long Island.

Where the initial responses to the appliance ITP were disappointing, Massachusetts with the help of their contractors were able to pull together some very successful, innovative initiatives. In several cases the interest was so great that initiatives were extended to the other regional sponsors.

Moving forward, the Sponsors will need to carefully assess the lessons learned throughout the ITP process as well as those learned within each specific initiative in order to develop some successful core promotions that Massachusetts and other utilities in the region and the nation can build upon in 2003 and beyond.

## SECTION II

### Industry Initiative Summary

Below are summary charts of the industry initiatives implemented in Massachusetts in 2002. The total leveraged dollars from industry was an impressive \$398,121.00. Following the summary charts is further details on each initiative including results and estimated costs.

#### ***Sears 10% off bill insert***

Estimated Cost to the Participating Sponsors:	➤ Limited to printing costs of bill inserts (For example, NSTAR paid \$5638 for 761,000 inserts.)
Participating Sponsors:	➤ NSTAR Electric, Massachusetts Electric, Granite State Electric, Narragansett Electric and the Cape Light Compact
Dollars and Resources Leveraged From Industry:	➤ \$80,516
Estimated Cost if the sponsors were to run this independently:	➤ \$80,516 As this was an instant 10% this would be extremely difficult to implement. If a 10% mail-in offer was made without retailer involvement then the sponsors would have to account for additional processing fees in addition to the above dollar amount.

Highlights of Results/Outcomes of Event:	<ul style="list-style-type: none"> <li>➤ 994 coupons honored</li> <li>➤ Partnership with the largest retailer of appliances in the country</li> <li>➤ Created a motivated and better-educated sales staff</li> </ul>
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### **Clean Sweep Rebate**

Estimated Cost to the Sponsors:	➤ \$90,585
Participating Sponsors:	➤ NSTAR Electric, Massachusetts Electric, Narragansett Electric, Unitil/Fitchburg Gas & Electric, Nantucket Electric, Western Massachusetts Electric Company, and the Cape Light Compact.
Dollars and Resources Leveraged From Industry:	➤ \$82,350
Estimated Cost if the sponsors were to run this independently:	➤ \$172,935
Highlights of Results/Outcomes of Event:	➤ 1,647 Rebates honored

### **Sears 50/50 CW Rebate**

Estimated Cost to the Sponsors:	➤ \$12,375 ( $\$25 * 877 = \$21,925$ )
Participating Sponsors:	➤ NSTAR Electric, Massachusetts Electric, Unitil/Fitchburg Gas & Electric, Nantucket Electric, and Western Massachusetts Electric Company, Cape Light Compact, Narragansett Electric and Efficiency Vermont
Dollars and Resources Leveraged From Industry:	➤ \$31,310 SEARS portion of the rebate (\$21,925), processing fees (\$4,385) and cost to print rebate (\$5000)
Estimated Cost if the sponsors were to run this independently:	➤ \$43,685
Highlights of Results/Outcomes of Event:	<ul style="list-style-type: none"> <li>➤ Sponsors paid less than 30% for the entire promotion</li> <li>➤ 877 rebates honored in a two-month promotion with one large retailer</li> <li>➤ Regional promotion</li> </ul>

**Joint Spiff with Maytag**

Estimated Cost to the Sponsors:	➤ \$21,628 (Includes processing fees -2314 SPIFFs *\$2 processing fee= \$4,628)
Participating Sponsors:	➤ NSTAR Electric, Massachusetts Electric, Unital/Fitchburg Gas & Electric, Nantucket Electric, and Western Massachusetts Electric Company Program was offered by Massachusetts Utilities only
Dollars and Resources Leveraged From Industry:	➤ \$17,000
Estimated Cost if the sponsors were to run this independently:	➤ \$38,628
Highlights of Results/Outcomes of Event:	<ul style="list-style-type: none"> <li>➤ 2,314 ENERGY STAR products sold through SPIFF program</li> <li>➤ 110 salespeople with a vested interest in selling ENERGY STAR products during program</li> <li>➤ Sales people better versed on selling ENERGY STAR appliances</li> </ul>

**Manny's Earth Week Sale**

Estimated Cost to the Sponsors:	➤ \$16,000
Participating Sponsors:	➤ Western Massachusetts Electric Company and Massachusetts Electric
Dollars and Resources Leveraged From Industry:	<ul style="list-style-type: none"> <li>➤ \$9,175 in instant rebates</li> <li>➤ 100 free television spots</li> <li>➤ Full page/full color ROP ads in three newspapers</li> </ul>
Estimated Cost if the sponsors were to run this independently:	<ul style="list-style-type: none"> <li>➤ \$37,455 (Total assumes: Cost to honor rebates- \$9175 Cost of print advertising- \$10,000 Cost for TV ads- \$12,760 Processing fees-\$520 Cost to produce and distribute rebate forms-\$5000)</li> </ul>
Highlights of Results/Outcomes of Event:	<ul style="list-style-type: none"> <li>➤ 16% increase in the sale of ENERGY STAR products during the promotion</li> <li>➤ Over 1 million impressions to public</li> <li>➤ Created a motivated and better educated sales staff for those five store locations</li> <li>➤ 104 ENERGY STAR products sold</li> </ul>

**Kahian's ENERGY STAR Promotion**

Estimated Cost to the Sponsors:	➤ <b>\$15,000</b>
Participating Sponsors:	➤ NSTAR Electric and Massachusetts Electric
Dollars and Resources Leveraged From Industry:	➤ <b>\$57,770</b> (Total assumes: <b>Over 6000 television spots valued at \$40,000</b> Cost to double warranty est. \$10,800 Cost to offer 6 month finance package \$6,900)
Estimated Cost if the sponsors were to run this independently:	➤ <b>\$57,770</b> It should be noted that there would be additional expenses involving the costs associated with processing finance packages and warranties as these rates were based on Kahian's ongoing relationships with finance companies via membership in his buyer's group. These rates and offers would not be available to the sponsors.
Highlights of Results/Outcomes of Event:	<ul style="list-style-type: none"> <li>➤ 372 ENERGY STAR units sold through this promotion</li> <li>➤ 20.5% increase in clothes washers over previous year</li> <li>➤ 19.1% increase in dish washers over previous year</li> <li>➤ 29.5% increase in refrigerators over previous year</li> </ul>

**Manny's Year End Sale**

Estimated Cost to the Sponsors:	➤ <b>\$28,200</b> (Cost of advertising \$17,500 and rebate reimbursement+\$10,700)
Participating Sponsors:	➤ Western Massachusetts Electric Company
Dollars and Resources Leveraged From Industry:	➤ <b>\$120,000</b> (Total assumes: Cost of advertising =12 ads at a cost of \$10,000 per ad)
Estimated Cost if the sponsors were to run this independently:	➤ <b>\$131,932</b> \$120,000- for 12 ROP ads



	\$9,550- for 191 rebates at \$50 each \$2000- est. cost of printing rebate forms \$382- est. cost of fulfillment (191x \$2.50)
Highlights of Results/Outcomes of Event:	<ul style="list-style-type: none"> <li>➤ A 60% increase in sale of ENERGY STAR clothes washers (compared to previous year's sales).</li> <li>➤ 12 weeks of advertising exposure in local ads.</li> <li>➤ Total estimated circulation of over 2 million. (Daily circulation of 171,000 people per ad at 12 ads =2,052,000).</li> <li>➤ Free advertising on store marquee signs.</li> <li>➤ Increased relationship and motivation of Western Massachusetts largest retailer of appliances (43% market share in Western Massachusetts)</li> </ul>

## Promotion Details

### SEARS 10% OFF BILL INSERT

#### Background

Sears is the largest retailer of appliances in the United States. They maintain a dominating 45% market share of the National average. In 2002, Sears offered to discount 10% off all consumer purchases of selected ENERGY STAR listed appliances, specifically clothes washers, refrigerators, and room air conditioners. In exchange, the sponsoring utilities paid for the printing costs of the 10% coupons and placed them in customer's monthly utility bills. Some sponsors were unable to reserve space in customer bill thus couldn't participate. However, Cape Light Compact, an energy efficiency program provider, circumvented the fact they did not have access to customer bills by distributing the coupon through local events and placing several newspaper ads with a similar cutout coupon.

#### The Campaign

The combination of Sears offering 10% off and the sponsoring utilities providing the mechanism to advertise the offer made this a win-win venture. Sears benefited because even if consumers were not going to use the 10% coupon they still got "brand" recognition in the form of a third party endorsement from the local electric company. In some cases these third party endorsements were sent to over one million residential households.

The utilities/sponsors that joined Sears in this regional effort included NSTAR Electric, Massachusetts Electric, Granite State Electric, Narragansett Electric, LIPA, and the Cape Light Compact. Consumers received the coupon redeemable at any Sears location through the utilities bill insert mechanism (or other venues where appropriate). The customer would bring the coupon to the store and the 10% discount was applied instantly to the purchase price of qualified ENERGY STAR appliances.

Distribution Summary by Sponsor:

<b>Sponsor</b>	<b># Coupons redeemed</b>	<b>Total Value of Coupons</b>
Massachusetts Electric	510	\$34,677.19
NSTAR	305	\$34,248.34
Cape Light Compact	4	\$301.00
Granite State Electric	24	\$951.82
Narragansett Electric	151	\$10337.72
<b>Total</b>	<b>994</b>	<b>\$80,516.07</b>

### **Lessons Learned**

Through this promotion with Sears, sponsors we were able to learn how to work within Sears's corporate parameters and understand what motivates them. In this case, exposure was the key. Sears identified an opportunity where they could gain additional advertising exposure through utility bill inserts. The sponsors involved provided exclusive exposure for Sears to over 2 million residential households for less than .04 cents per consumer.

We also took advantage of an existing promotional tool that Sears had developed (i.e. Sears has been doing 10% off sales for years). As a result, Sears' bureaucracy had already approved the infrastructure and design.

One of the negative aspects of this promotion was that many retailers viewed it as showing favoritism toward Sears. Despite the fact sponsors had an open policy for new promotional ideas, many retailers did not have the financial ability to duplicate the offer, thus were very disappointed by this promotion. In areas such as Long Island, the disappointment turned somewhat adversarial. Because of this, LIPA opted not to offer another "exclusive" bill insert to retailers in order to avoid any possible conflicts.

Overall, this agreement with Sears was an effective, low-cost promotion. However, if this method is used in the future, sponsors must consider affording the opportunity to all retailer partners. Conversely, Sears may shy away from doing this type of promotion because the attractiveness of exclusivity is removed.

### **JOINT SPIFF WITH MAYTAG**

#### **Background**

This campaign targeted the dealer's sales personnel through a SPIFF promotion. "SPIFFS" were actually started in the furniture industry and stands for Sales Person Incentive For Furniture Sales. Due to the fact sales personnel have the single greatest capability to affect the outcome of the consumers purchase, manufacturers began incentivizing personnel to "push" certain products/brands. Through this type of promotion, sales personnel can substantially supplement their income earning between \$5-\$30 per appliance.

#### **The Campaign**

Through the ITP process, Maytag Corporation proposed a joint SPIFF program on specified Maytag ENERGY STAR qualified appliances. After some minor changes to the original ITP submitted by Maytag in April, the program was introduced to all eligible stores in Massachusetts starting May 1, 2002. Incentive amounts varied on a

predetermined amount (set by Maytag) with a cap of \$500 per sales person for the incentive period. The campaign was set up so that the SPIFF would go directly to the sales staff (not the "house" or dealership). Maytag agreed to pay for ½ of all SPIFFS processed for this promotion.

The eligibility period for the Massachusetts Maytag SPIFF Campaign was May 1- August 1, 2002. The utilities' field contractors (APT) initially enrolled 293 salespeople in the program. However, only 110 people actually sent in a SPIFF request. The others were unable to participate due to our requirements to provide serial numbers. Serial numbers were a firm requirement of the program because without them it left the door open for an overwhelming likelihood of false documentation and fraud.

Maytag is happy to report that there were few sales people complaints. Again, the most common issue reported, was the number of people that could not participate because they had no access to serial numbers. While this format hinders some sales personnel from participating to date is the most effective way to place a check and balance on the submittals. APT is constantly talking with industry to identify alternative strategies.

The second most common remark received was that sales people liked the SPIFF offered in the Massachusetts 2001 pilot program better due to the fact that it was offered on all ENERGY STAR appliances (not just on Maytag brands). As a result, they felt they had a better chance of submitting the maximum amount of \$500. Our data supports these comments as well. The average SPIFF submittal was about \$180 per person (vs. \$500 max amount that we had extended).

### **Lessons Learned**

Ongoing SPIFFs are an excellent tool to build strong loyalty from salespeople. We know first hand that the salespeople on the front lines can and will sell what he/she wants the customer to buy. Salespeople are proud to point out how they have the ability to steer a consumer toward or away from a specific product. They do this entirely on what they are motivated to (or directed) to sell on the floor.

One of the first things that salespeople did when the SPIFF was offered was pick up our program training manuals and learn more about ENERGY STAR. They started to pay closer attention to the qualified products list and would call into our appliance line to verify qualified models. The SPIFF proved to increase their knowledge and motivation to sell qualified ENERGY STAR product.

SPIFF checks were hand delivered by the field support contractor, which not only represented a very real and tangible value to the salesperson but also reinforced a positive impression of the program. Giving the salespeople a positive reinforcement to sell ENERGY STAR labeled appliances made salespeople more willing to provide us other information such as sales data.

The disadvantage of a SPIFF program is that mass merchants such as Sears, Home Depot, and Lowe's, will never participate. National and regional chain stores categorically

refuse SPIFFS from all vendors. Mass merchants have very specific unit goals and SPIFFs from outside vendors tend to thwart these goals. They understand the aforementioned abilities of their salespeople and regard this type of vendor influence as “losing control of the sales floor”. Thus, mass merchants strictly forbid any form of SPIFFs from outside vendors – even utilities. Instead, they offer internal incentives to their sales staff. By design these internal incentive cannot be influenced or supplemented by outside entities.

The need to provide serial numbers on products was a barrier for some independent stores. Serial numbers must be a firm requirement of any SPIFF program offered by the utilities in order to prevent fraud. Learning through other utility programs, Massachusetts has seen first hand how SPIFF programs can get drastically out of control without proper documentation. Even though many salespeople stated that they could not participate due to their inability to get the serial numbers, they still managed to find ways to get them. We are confident that as we continue to offer this type of promotion that more salespeople will develop their own methods to participate.

Mass merchants have absolutely no problem with us offering SPIFF to their competition. As long as it is kept out of their stores there is no conflict. Ultimately, a SPIFF is an excellent mechanism to use at the independent store level. As the independent retailer cumulatively accounts for 40%-50% of all appliance sales SPIFFs can have a drastic effect on the sale of ENERGY STAR products and overall market share.

## **Clean Sweep Rebate**

### **Background**

In an effort to stimulate sales for ENERGY STAR qualified clothes washers and maintain/increase market share, the Massachusetts utilities called upon the manufacturers to leverage a 50/50 split on a \$100 consumer rebate.

### **The Campaign**

Every manufacturer who currently produced a qualified clothes washer was solicited. They were contacted by mail and then through a series of follow up phone calls. All were invited to participate.

A single rebate form was produced that listed only the participating manufacturer's selected models as being eligible. This coupon was produced and paid for by the utilities which was extended beyond Massachusetts. Manufacturers who elected not to participate had their models eliminated from eligibility for the incentive regardless of the fact that they were ENERGY STAR qualified. This provided a competitive advantage to the manufacturers that agreed to participate. The offer was good on all purchases made from July 1, 2002 through September 31, 2002.

The positive impacts of the campaign were obvious. We were able to put a \$100 rebate into the market at half the cost. Over 1600 rebates were honored in the three-month period in Massachusetts.

**Lessons Learned**

This was a very successful promotion. Sponsors were able to offer a rebate a ½ the cost. By utilizing the existing infrastructure of our fulfillment contractor (EFI), we incorporated manufacturers into the billing matrix. In essence, they were treated as another participating sponsor. Another fantastic component to this promotion was that this offer was available to all retail stores.

The downside to this offer was that some of the larger manufacturing partners such as Frigidaire and Maytag were unable/not unwilling to participate. Together, Frigidaire and Maytag account for at least ½ of all ENERGY STAR clothes washers sold. Frigidaire was unable to join because they had already committed funds toward their own rebate and could not justify offering a second one without losing margin on the product. Maytag, on the other hand, has a nationwide unilateral pricing policy that legally binds them to offer the same price on the product everywhere. Thus, joining us in this rebate would have been a violation of their policy. Had these two manufacturing giants been able to sign up for this promotion, the effects could have been 2-3 times greater.

Where Maytag will never be able to join us in a joint rebate of this type, Frigidaire has shown promise of joining us in the future but only if they have advanced notice so that they can set aside dollars to do so.

The other challenge of this promotion was that the manufacturers have not been prudent in adhering to our net 60-day payment policy for their share of the incentives. However, this can be overcome by incorporating stronger language in future agreements and more up front discussions on the need to confirm prompt payment if they are to continue partnership with us for future offerings.

**SEARS 50/50 CONSUMER REBATE****Background**

At the National Appliance Partners meeting in Providence, RI, Sears offered to partner with any utility company who was willing to split a \$50 rebate for ENERGY STAR qualified appliances. Sears had seen the effectiveness of the Clean Sweep promotion and thought it would compliment their strategies, needs, and capabilities. Clean Sweep allowed Sears to use an infrastructure already developed to offer yet another ENERGY STAR incentive. Because Sears and the sponsors had already developed a detailed understanding of what both sides were and were not able to do, the development of an agreement came rather swiftly.

**The Campaign**

On behalf of the sponsors, APT contacted Sears and was able to structure a campaign that served the individual needs of each sponsor. All agreed to focus the effort on ENERGY STAR qualified clothes washers. Where there were existing rebates (VT, RI, CLC) Sears added an additional \$25. In some cases where there were no current rebates (MA utility territories) Sears put in the \$25 and the utilities added to it to make the \$50 rebate offer to our customers.



This offer was valid from November 1, 2002 – December 31, 2002.

This effort was different from the Clean Sweep campaign in that it was driven by the retailer, not the manufacturer. The retailer, Sears, offered the promotion then in turn used its influence to leverage the manufacturers to obtain their \$25 portion.

The two-month promotion resulted in 877 rebates, 495 in Massachusetts alone. The promotion was very successful. With the retailer picking up fifty percent of the rebate, all processing costs, and all printing costs, the sponsors financial exposure was limited to less than thirty percent for the entire promotion. Where other promotions were heavily motivated by the sponsors, this one was truly driven by the retailer - a welcome shift in responsibilities.

### **Lessons Learned**

This was another great promotion. Unlike the Clean Sweep rebate, this offer was exclusively for purchases made at Sears. The promotion raised enough interest that many independents inquired if they could design a similar offering in 2003.

Even with the tremendous influence that Sears has over manufacturers they too were unable to avoid adherence to Maytag's unilateral pricing policy. As a result, this rebate was limited to all models other than the Maytag Neptune (which again accounts for a significant portion of ES units sold).

Joint rebates with one retailer will obviously yield smaller volume of units compared to a broad based offer like the Clean Sweep Rebate. However, it is a great way to offer and design an exclusive retailer promotion.

### **MANNY'S EARTH WEEK SALE**

#### **Background**

Manny's TV and Appliances is a local retail chain in Western Massachusetts consisting of five store locations (Wilbraham, Greenfield, Westfield, Hadley and Holyoke). The local chain has the major share of home appliance sales in the region with approximately 42% of the market.

This partnership accomplished multiple objectives. 1) This was the first endeavor by an independent retailer in the region to make a personal investment in an ENERGY STAR Promotion/Sale, 2) This campaign increased and fortified the ENERGY STAR message and consumer awareness via 1 million impressions, 3) Consumers had a financial incentive (retailer rebate) to buy ENERGY STAR products during this event, 4) Utilities were able to get full sales data from this retailer that can be used to quantify the success of this program, 5) That same sales data can be used to measure future reporting and used for comparison purposes unique to WMECO, 6) This has generated interest from other retail stores in the area who also have an interest in doing ENERGY STAR Sales in the future, and 7) The experience was set up to be a win-win for both the utility companies and Manny's.

### **The Campaign**

In recognition of Earth Day 2002, Manny's promoted ENERGY STAR Qualified Appliances by placing in-store rebates on all of his ENERGY STAR qualified refrigerators, dishwashers, clothes washers and air conditioners from 4/22/02- 4/28/02. This was promoted through heavy advertising via television and newsprint. Manny's honored 100% of rebates and processing cost which was a negotiated, controllable expense for the utility. In exchange, WMECO financially supported his advertising campaign.

### **Retailer Rebate Amounts**

Clothes Washers:	\$100
Refrigerators:	\$75-\$150 (varies on model type)
Dishwashers:	\$75
Air Conditioners:	\$75 (5,000-10,000 BTU models)
	\$100 (11,000-33,000 BTU models)

### **Newsprint**

Manny's runs 52 ads per year. A flyer advertisement runs once a week in the Friday/Saturday edition of local papers including:

- The Springfield Union News (circulation 155,000)
- Greenfield Recorder (circulation 20,000)
- Hampshire Gazette (circulation 15,000)

The total weekly circulation of these ads is 190,000. This ad also links to [masslive.com](http://masslive.com) that offers an additional circulation of 20,000.

### **Television Spots**

Manny's runs television spots on channel 22 and channel 40 (local NBC and ABC) as well as local cable stations (AT&T Cable Network for Western Massachusetts). They run approximately 80-100 spots per week which is estimated to reach over 290,000 people in the 18 years and older category. Further, each person sees the ad an average of three times per week. The TV spot targets the entire Western Massachusetts region as well as Northern Connecticut and it is estimated that these ads reach 61% of this total market in the area.

When the commercials run through the local cable networks it is estimated that 80% of the market (380,000 people) is reached. As a result, we expect the total "impressions" from this advertising to be more than 1 million.

### **Sales Data Information**

We were able to secure detailed sales data from Manny's Stores. This was used to compare the sales of ENERGY STAR units to the same period in 2001. Below is a summary of the effects. As you can see, there was a significant increase in the sale of qualified models in all four product categories.

**ENERGY STAR Appliances as a Percentage of Total Sales**  
**2001 vs. 2002**

Sales Period	CW	DW	REF	RAC	Average
April 22-28, 2001	19%	33.3%	1.9%*	10.8%	13.9%
April 21-27, 2002	34%	50%	19.3%	28.7%	30.2%
<b>Percent Increased</b>	<b>70%</b>	<b>50%</b>	<b>910%</b>	<b>160%</b>	<b>110%</b>

\* Standard changes that were made effective January 1, 2001 severely limited the number of available ENERGY STAR models into mid-year.

***Per unit information***

Manny's sold a total of 104 ENERGY STAR appliances during the promotional period compared to 46 during the same period in the prior year. Specifically they sold 25 qualified a/c units, 34 clothes washers, 24 dishwashers and 21 refrigerators.

**Lessons Learned**

This promotion was a great success and is easily adaptable to other retailers. At a relatively low cost, the utilities were able to leverage over 1 million impressions of the ENERGY STAR message and increase the number of products sold by 110%. While the promotion certainly benefited from the retailer leveraging rebate dollars from manufacturers, the increased availability of qualified refrigerators helped as well as a mid-spring heat wave during the sale period to move room air-conditioners.

Manny's, however, chose to disregard Maytag's unilateral pricing policy. Future promotions (by Manny's or someone else) may not be able to duplicate this exact promotion, thus may limit the overall impact of future promotions.

**KAHIAN'S ENERGY STAR PROMOTION**

**Background**

Kahian's Appliances is an independently owned chain on the south shore of Massachusetts. They are a well-known entity in the area having three store locations (Plymouth, Hanover, Middleboro). An agreement was established between Kahian's Appliance and the participating utilities (NSTAR Electric and Massachusetts Electric) to run a joint promotional campaign promoting ENERGY STAR qualified Appliances in the fall/winter of 2002.

**The Campaign**

Kahian's launched a 3-month (Oct-Dec 2002) ENERGY STAR Television Campaign promoting a generous financing package on all ENERGY STAR labeled appliances - no interest, no financing, no payment for 6-months. In addition, Kahian's offered double warranty periods.

The local cable television spots promoted the following: 1) Kahian's is a retailer that sells ENERGY STAR products and cares about the environment, 2) consumer benefits of ENERGY STAR appliances, and 3) in-store consumer incentives (financing package and double warranty) on ENERGY STAR products exclusive to Kahian's.

Where in the past utilities often picked up the total consumer incentive, in this case, Kahian's was responsible for the fees associated with the double warranties and processing of the financing package, which totaled \$17,700. Kahian's was able to recoup some of these expenses by soliciting the support of Frigidaire and Fisher & Paykel. In the end this promotion was funded on three tiers (manufacturer, retailer and utility).

Kahian's will also offer complete sales data on appliances sold for the period before the promotion, during the promotion, and after the promotion as well as historical data from the same period in 2001. This is done so that the utilities can measure effects of the promotion.

In exchange, NSTAR/Massachusetts Electric paid for the discounted media placement of the ads and the creative development, which also allowed the utilities greater input into the content of the ad. Supplemental point-of-purchase material such as water bottle displays and banners were also provided by NSTAR/Massachusetts Electric. The utilities portion of this promotion was approximately \$15,000.

The charts below show the results of the Kahian's promotion. On average, the sale of ENERGY STAR products increased a dramatic 23%. Given the 372 of ENERGY STAR products sold via this promotion, the utilities would have spent \$18,600 in rebates under the past structure of the clothes washer program (\$50 per appliances). Thus, this industry initiative saved \$3,600 in customer incentives not to mention all the forgone printing and processing costs associated with a rebate program.

#### Clothes washers

Month	E*	Non E*	Total	Percent ES
Sep 01	20	43	63	31.7%
Oct 01	12	52	64	18.8%
Oct 02	24	27	51	47.1%
Nov 01	23	40	63	36.5%
Nov 02	42	36	78	53.8%
Dec 01	12	37	49	24.5%
Dec 02	21	31	52	40.4%

#### Refrigerators

Month	E*	Non E*	Total	Percent ES
Sep 01	14	65	79	17.7%
Oct 01	28	78	106	26.4%
Oct 02	48	35	83	57.8%
Nov 01	23	46	69	33.3%
Nov 02	42	32	74	56.8%
Dec 01	13	31	44	29.5%
Dec 02	38	22	60	63.3%

#### Dishwashers

Month	E*	Non E*	Total	Percent ES
Sep 01	33	26	59	55.9%
Oct 01	46	31	77	59.7%
Oct 02	50	9	59	84.7%
Nov 01	62	23	85	72.9%
Nov 02	61	6	67	91.0%
Dec 01	35	28	63	55.6%
Dec 02	46	20	66	69.7%

### **Lessons Learned**

This unique cooperative effort allowed utilities to share/save on advertising costs through Kahian's current contacts and special store rates. If the utilities were to run the same level of advertising on their own, it would have cost the utilities \$40,000 opposed to just \$15,000. With this type of retailer specific advertising, the ad not only had a stronger call to action by directing customers to Kahian's for ENERGY STAR products, but also provided Kahian's the chance to stretch advertising dollars further.

Kahian's also overcame the obstacle with Maytag's unilateral pricing policy. By offering free financing (instead of rebates), Kahian's was able to offer this promotional incentive to consumers on all ENERGY STAR products including Maytag. This promotion was the first of its kind in Massachusetts and proved very fruitful for the utilities supporting it. Despite several obstacles, Kahian's and the utilities were able to negotiate a solid structure for future promotions.

### **MANNY'S YEAR END PROMOTION**

#### **Background**

Given the success of the Earth Week promotion in April, Manny's TV and Appliance opted to team up with Western Massachusetts Electric for another ENERGY STAR Promotion. This promotion varied slightly from April's Earth Week promotion in that it lasted for more than one week, it was for clothes washers only, and additional incentives were added to maintain the interest of the retailer and sales staff.

#### **The Campaign**

The promotion was scheduled for November 1 through December 31, 2002 and was slated for all five store locations (Wilbraham, Greenfield, Westfield, Hadley and Holyoke). As part of the promotion Manny's was required to provide the following:

- Offer a \$50 instant rebate on select ENERGY STAR clothes washers.
- Allow Western Massachusetts Electric to display "table top" signs on all qualified units in his stores.
- Dedicate ¼ of his weekly ROP ads to ENERGY STAR
- Offer a salesperson incentive (or compel manufacturers) to place a SPIFF of no less than \$25 for all ENERGY STAR models.
- Allow APT to place magnetic ENERGY STAR Logos on all 15 of his delivery/service trucks.

In turn, Western Massachusetts Electric provided Manny's a tiered performance incentive. The retailer was incentivized \$35 for every ES qualified washer sold during the promotion period. If more than 75 units were sold then the retailer was paid \$50 for



every unit sold beyond 75. If more than 100 units are sold then the retailer was paid \$75 dollars for every unit sold beyond 100.

If Manny's sells 150 units during the sale period, his reimbursement would be as follows:

Payment for first 75 Units sold:	\$2625 (75 x \$35)
Payment for units 76 thru 100:	\$1250 (25 x \$50)
Payment for units 100 thru 175:	\$3750 (50 x \$75)
<b>Total Incentive Paid:</b>	<b>\$7625</b>

Western Massachusetts Electric was also responsible for producing "table top" signs, 100% of the cost to place magnetic logos on trucks, and 25% of Manny's ad costs up to (seven ads). Thus the total amount of paid advertising to Manny's was **\$17,500** (25% of \$70,000=\$17,500).

### ***Newsprint***

One a weekly basis Manny's normally runs three full page/full color "run of press" ads. They are inserted in three local papers:

1. The Springfield Union News (daily circulation 135,000)
2. Greenfield Recorder (daily circulation 16,500)
3. Daily Hampshire Gazette (daily circulation 20,000)

The total daily circulation of these ads is 171,000. The ads also link to masslive.com that offers an additional circulation of 20,000.

### **Manny's Sales Volume**

In the November-December 2001, Manny's sold 120 units. With this joint promotion, Manny's increase their 2002 sales 37% to 191 units for that same two-month period. If Western Massachusetts Electric ran the entire promotion including rebates and advertising on their own, the promotion would have cost the utility over \$130,000 opposed to the \$28,200 it cost them through the ITP process. This promotion was a

Chances are if Western Massachusetts Electric ran the promotion on their own the retailer's buy-in/motivation might not have been as strong thus the process may have made this promotion more successful than it would have been otherwise.

### **Lessons Learned**

This promotion once again allowed us to use the momentum of the retailer's motivation to drive sales. By creating a tiered incentive based on historical sales performance, we were able to create an environment where the retailer had a concrete incentive to increase their sales of ENERGY STAR washers. In essence, we gave them a very compelling reason to sell more then they ever sold before.

Because Manny's was doing so well with the incentive and they had made it beyond the "break even point", we saw additional offerings and contributions made by the retailer

that we had not originally asked for. Examples include their willingness to allow us to place car magnets on their fleet of delivery trucks and vans. They also showcased the ENERGY STAR rebate in their roadside marquee sign at their flagship store in Wilbraham. Finally, they elected to include the ENERGY STAR advertisement in their ROP ads for an additional 4 weeks without financial support from the utilities.

## **SECTION III**

### **Final Conclusions**

The Massachusetts Appliance program went through a significant change in 2002. The yearlong, continuous rebate for clothes washers was eliminated and the ITP process was implemented as a means of controlling budgets while maintaining market share. This ITP process was new to Massachusetts and the region. Sponsors learned some very valuable lessons in the overall process. Many aspects of the ITP process worked to the sponsor's advantage yet there were other issues that arose by using such a practice. Below lists the best opportunities that came out of this process followed by several items we need to improve on/be aware of in future ITP initiatives.

#### ***Strengths of the ITP process***

- Sponsors allied ourselves with industry actors, which allowed us to supplement and highlight a campaign in ways that we never thought of nor could do on our own.
- We utilized the ITP process to control budget spending by limiting sponsor's financial exposure for each promotion
- We were able to leverage industry dollars to make budgets go further and promotions last longer
- Sponsors were able to team up with industry to establish even stronger relationships with those industry partners. Further, going through the process allowed us to learn even more about their way of doing business, how they make money, and what motivates them to sell
- The ITP process is viewed as an opportunity for retailers to put money in their pockets - either directly through a SPIFF or indirectly by utilizing supplementary dollars of advertising or increased sales of high priced items

#### ***Things to improve on/be aware of for future ITP initiatives***

- There is no consistency for customers. In the 2001 clothes washer rebate program, customers could go into any participating retailer at any point during the year and receive the same offer. With this new format it is harder to promote random promotions that are going on at different retailers at different times.

- Retailers needed concrete ideas for promotions. The original solicitation was intentionally very open ended to allow industry to bring their ideas to the sponsors, as the sponsors did not want to dictate how industry should participate. In retrospect, retailers did not have the time or the creativity to develop their own promotions. They preferred to participate in promotions that they were comfortable with such as SPIFFS, rebates, and coop advertising. Once the underlying theme of the promotion was laid out, the retailer and sponsors could begin putting their creative spin on the promotions.
- Within these ITP promotions, there is opportunity for a manufacturer/retailer to sign on to an initiative on which they do not follow through. In such cases, utilities must make it clear that for non-performing initiatives there is the potential that funds will be reallocated to a different initiative.
- This type of practice is harder to manage. Instead of having one large-scale appliance initiative, the ITP initiatives turns into several “mini programs” thus taking more time for the sponsors and their contractors to organize.
- ITPs tend to be advantageous to the participants and disenchanting to the non-participants. This creates the potential for a drop off in enrolled stores.
- There are situations where a successful promotion is implemented and another retailer wants to duplicate the same events. But if the sponsors have already spent their funds for the year or made their goals then they cannot make the same offering to other retailers. This creates the potential that sponsors will be accused of showing favoritism.

All in all, the ITP process was a positive undertaking. The sponsors endured several growing pains throughout the process but have learned many lessons along the way. It is these lessons learned that will make the 2003 process that much better.

Steps that have been taken thus far to improve the process include 1) a standard offer ITP which will build on the most popular of the 2002 initiatives – SPIFFs and rebates, 2) a timeline of events has been established for retailers/manufacturers so they can gear up to supplement/complement out promotions, 3) provide concrete concepts to industry that make it very easy for them to sign on to a promotion, 4) do not make the program options too rigid as we still want there to be some flexibility for industry to present new ideas to the sponsors, 5) If retailer/manufacture do not deliver on their part then sponsors reserve the right to reallocate funds to another initiative.

Given the success factors of the 2002 promotions, the Massachusetts utilities put together the following Gantt chart:

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2002 ITP Extension											
			CW matching Rebate								
			E* Appliances Matching Spiffs								
		AC Matching \$25 Rebate*									
Traditional Co-op offer											
								CW Rebate Match & ALWG advertising ***			
			CC*			CC**					
		National Chains Co-op Advertising Program									

\* AC offer will include both rebates and co-operative advertising elements and piggyback on the EPA's Cool Change Promotion

\*\* CC is the Comprehensive Co-op advertising for independent retailers.

\*\*\*Sponsors will conduct advertising activities targeting clothes washers.

### Metric Achievement

The metrics for ES Appliances 1 and 2 read as follows:

#### ES Appliances 1

Threshold: Work with other NEEP regional utility sponsors (within the context of agreed-upon individual utility funding levels) to develop and issue an Invitation to Participate (ITP), soliciting proposals to enter into joint utility/industry Industry Initiated Promotion agreements (IIPs) in 2002. *Deliverable(s): Copy of ITP and distribution list (Attachments A & B)*

Design: Execute formal IIP agreement(s) and implement a minimum of two (2) separate IIP-type campaigns. Separate campaigns may include any combination of manufacturer, retailer and manufacturer/retailer based campaigns as well as large versus small participant and local, regional or national. *Deliverable(s): Copy of IIP and strategy documents (Attachment C)*

Exemplary: Using the results of the completed IIPs and implementation process(es), compare, evaluate and report on the differences between this new approach and former utility rebate-based appliance efficiency program approaches. Topics to be addressed include (at a minimum): sales volume/savings and cost per product. *Deliverable(s): Copy of report (Main Document)*

#### ES Appliances 2

Threshold: Solicit input from local area small and independent retailers about their interest in participating in Industry Initiated Promotions with them. Document the findings. *Deliverable(s): Small/independent retailer survey (Attachment D)*

Design: Within the context of a joint or separate utility funding level, develop and implement a strategy for industry-based promotions with small and/or independent local retailers. *Deliverable(s): Covered in SECTION II and Attachments C-4, C-5, C-6, and C-7*

Exemplary: Initiate a minimum of one promotional campaign with small and/or independent local retailer(s). *Deliverable(s): Covered in SECTION II and Attachments C-4, C-5, C-6, and C-7*

Based on the results of this report, NSTAR Electric (NSTAR), Massachusetts Electric (MECO), Unitil/Fitchburg Gas and Electric, and Western Massachusetts Electric Company (WMECO) have successfully completed the exemplary level for 2002's ES Appliances 1 and 2 metrics.

#### Initiatives Implemented in 2002

Utility Company	Sears 10% coupon (R)	Clean Sweep Rebate (R)	Sears 50/50 CW rebate (R)	Joint Spiff with Maytag (I)	Manny's Earth Week Promotion (I)	Kahian's Promotion (I)	Manny's Year End Promotion (I)
NSTAR Electric	✓	✓	✓	✓		✓	
MECO	✓	✓	✓	✓	✓	✓	
Unitil/FGE		✓	✓	✓			
WMECO		✓	✓	✓	✓		✓

(R)=Regional Manufacturer/Retailer Promotion

(I)=Small/Independent Retailer Promotion



# **Invitation to Participate in Joint Program Activities of the Northeast Regional ENERGY STAR<sup>®</sup> Appliance Initiative**

## **Introduction**

Utilities in the Northeast have been promoting the manufacture, sale, and use of energy efficient residential appliances for nearly two decades. Over the past several years many of these utilities have worked together as Sponsors of the Northeast Regional Appliance Initiative to jointly, and aggressively, promote ENERGY STAR appliances. These efforts are coordinated and facilitated by the Northeast Energy Efficiency Partnerships, Inc. (NEEP), a regional non-profit organization dedicated to promoting energy efficiency in homes, buildings and industry throughout the Northeast. The Sponsors of the NEEP Regional Appliance Initiative meet regularly as the Appliance and Lighting Working Group (ALWG) to coordinate their program planning, implementation, and marketing efforts.

One of the keys to the Sponsors' success in transforming the residential appliance market has been the willingness of the appliance industry – manufacturers, retailers, buyers' groups and others - to assist in program marketing and implementation activities. The purpose of this solicitation is to further strengthen the Initiative's ties with the appliance industry by inviting industry to propose and participate in industry-initiated program elements that can be implemented jointly with the Initiative's Sponsors. The objective of these proposed industry-initiated activities is to allow the Sponsors to more effectively attain their program goals at a lower cost, through greater coordination and cost leveraging with their appliance industry partners.

## **Background**

The Sponsors of the Northeast Regional Appliance Initiative consist of utilities, government agencies, and municipal aggregation groups representing most residential consumers in New England, New York, and New Jersey. Because of differences in program design and program funding levels, a subset of the Initiative Sponsors are participating in this solicitation. These participating Sponsors provide services to nearly 4 million homes – representing nearly 12 million consumers - in nearly all of Massachusetts, Connecticut, Rhode Island, Vermont, parts of New Hampshire, and Long Island. Appendix A-1 lists the Initiative Sponsors, highlighting those that are participating in this solicitation.

Appendix A-2 summarizes current 2002 appliance program activities for each Sponsor participating in this solicitation; focusing on planned rebate and Spiff offerings. Appendix A-3 provides additional background on past and present joint regional appliance program activities. While differences exist across the Sponsors' current programs, we request that any Industry proposals address the Sponsors, to the extent practical, as a single regional entity. Utility service territory or state-level activities can be pursued directly with individual Sponsors or their contractors.

## Appliance Program Objectives and Potential Program Concepts

Like other utility energy efficiency programs, the ENERGY STAR appliance programs run by the Sponsors strive to maximize cost-effective energy savings to consumers. To attain this goal, the Sponsor's ENERGY STAR appliance programs focus on several interrelated objectives:

- Increase awareness and understanding of the ENERGY STAR label for appliances among both consumers and retailers.
- Have consumers equate ENERGY STAR appliances with quality.
- Increase the market share of ENERGY STAR appliance sales throughout the region.
- Have retailers both stock and actively promote all ENERGY STAR appliances.
- Encourage manufacturers to produce full lines of affordable ENERGY STAR appliances.
- Coordinate regional program activities with those of the national ENERGY STAR program.

We believe that industry shares many of these same objectives regarding ENERGY STAR appliances and will similarly benefit from increased, joint program implementation with the Regional Sponsors.

To better attain these objectives the Sponsors of the Regional Appliance Initiative are requesting that appliance manufacturers, retailers, buyers' groups, and others submit brief proposals for industry-initiated program concepts for consideration. The proposals should detail ways that the industry party could help the Sponsors meet the above objectives. *As noted below, these proposals can be provided to the Sponsors in writing or verbally.*

Prior to developing this RFP, the Sponsors met in November with representatives from several leading appliance manufacturers, buyers' groups, and retailers. Based on these meetings, and their own extensive program experience, the Sponsors have identified the following industry-initiated program concepts as being of interest for joint implementation. While the Sponsors have expressed an initial interest in these program concepts, proposals need not address these specific program ideas. We would encourage any industry partner to suggest additional program concepts for the Sponsors to consider. The Sponsors plan at least one further solicitation this year, depending on what proposals are funded from this initial Invitation to Participate.

Potential Program Concepts	
<b>Discount Coupons</b>	The retailer or manufacturer agrees to honor discount coupons for a defined set of ENERGY STAR appliances. The utilities are responsible for the distribution of the coupons through either a bill insert or a direct mail piece, e.g., utility coupon book or third party "Valu-pak".
<b>Consumer Rebates</b>	While not all of the Sponsors will be offering full time, continuous ENERGY STAR appliance rebates in 2001 (see appendix A-2), all of the participating Sponsors would potentially be interested in coordinating shorter duration promotional rebates that are leveraged by specific industry promotions.
<b>Spiffs</b>	Several of the Sponsors have either run, or are currently running, Spiff programs to reward ENERGY STAR appliance sales. These payments may be directed to the sales staff, the retailers, or pooled for some agreed upon special promotion
<b>Regional Co-op Advertising</b>	The Sponsors currently have co-op guidelines in place. However, these guidelines are designed to handle relatively small placements. This program concept would support larger advertising efforts to promote ENERGY STAR appliances. These placements could be in print, TV or radio. For retailers that do not have a region wide presence, the Sponsors will consider

	or radio. For retailers that do not have a region wide presence, the Sponsors will consider proposals with a more limited geographic coverage
<b>Retail Specific Promotions</b>	This is a somewhat open category for in-store retailer promotions. This may include special signage and/or POP for ENERGY STAR appliances or high visibility promotions of a more limited duration. Again, for retailers that do not have a region wide presence, the Sponsors will consider proposals with a more limited geographic coverage.
<b>Other Program Concepts</b>	Other program concepts will be considered.
<b>Social Outreach Activities</b>	Identify and team with local, regional, or national non-profit organizations to promote the use of ENERGY STAR appliances. This may include donations to housing groups and product contributions to fundraising activities. Work with the program Sponsors to maximize the public relations benefits from these efforts.

Any proposals put forward by industry can build on existing Sponsor program efforts, or represent new approaches to the ENERGY STAR appliance market.

## Format for Industry Response

To facilitate industry response, the Sponsors will give equal consideration to proposals provided in writing or presented orally to the group, either in-person or through a conference call.

Each industry response should provide the following information. For oral presentations, some of this information e.g., industry partner contact information, can be communicated as a follow-up e-mail or memo.

1. Name and brief description of proposing company or organization.
2. Names of other parties participating in the proposed program concept – the Sponsors encourage partnering among various industry parties.
3. Primary contact name, title and contact information (address, phone, fax and e-mail).
4. Brief narrative description of the proposed program concept. Describe what benefits the program concept brings to the Sponsors and to their customers. Please explain whether the industry party had already planned to implement the proposed idea or whether its implementation is contingent on Sponsor participation. What additional benefits and/or cost savings are created by joint industry and Sponsor implementation?
5. Targeted appliance and/or brand, if any – are only certain ENERGY STAR appliances or brands targeted for the proposed program activity?
6. Duration/timeframe of the program concept – the maximum duration for this solicitation is through the end of 2002.
7. What is the geographic coverage of the proposed activity within the Northeast? If it is not region wide, please provide a brief explanation. Is the industry party pursuing similar activities in other parts of the country?

8. Industry contribution – what financial and/or in-kind contributions are being provided to support the proposed program activity? For any financial contribution, please explain how the value of the contribution was derived.
9. Sponsor contribution - what financial and/or in-kind contributions are expected from the Sponsors? For any financial contribution requested, please explain how the request was derived.
10. Program impacts – what are the expected program benefits from your proposed program activity? Program benefits may include increases in ENERGY STAR product sales, ENERGY STAR market share, ENERGY STAR products stocked and displayed, or advertising impressions. How will you support any such claims? What data will you will collect and make available to the Sponsors so that they can assess the effectiveness of any implemented industry-initiated program concepts? The Sponsors are particularly interested in developing relations that will allow long-term monitoring of ENERGY STAR appliance sales or market share in the region and, in some cases, on a state-by-state basis. It is important that the Sponsors are able to assess the impacts and cost effectiveness of each industry initiated program concept that is implemented.
11. Coordination with federal DOE/EPA ENERGY STAR program activities. Is the industry party proposing to leverage any on-going or planned federal ENERGY STAR program promotions or marketing materials?
12. Coordination and/or leveraging with other utility or state energy efficiency programs.
13. Targeting hard to reach populations – does the proposed activity have any attributes that would target ENERGY STAR appliances to low income or foreign language populations?
14. Other considerations that the industry party wants to bring to the Sponsors' attention (Optional).

## **Funding Availability**

It is the Sponsors intent to fund several proposals, if eligible, arising from this initial solicitation. Limited in-kind contributions, consisting primarily of labor from the Sponsors retail support contractors, may also be available.

## **Proposal Selection Criteria**

Proposals will be evaluated based on the following criteria:

- Projected impacts/benefits – what are the expected benefits that will be generated by the proposed program activity, e.g., additional number of units sold or stocked, , increase in floor space dedicated to ENERGY STAR appliances, number of advertising impressions, etc.?

- Cost leveraging – what value from industry will the Sponsors bring to the program concept?
- Ability and willingness to provide appliance sales, shipment, market share or other relevant data on a timely and ongoing basis. Will the Sponsors be able to assess projected program impacts and benefits from the available data?
- Extent of regional coverage and proposed program duration.
- Coordination with other state and federal energy efficiency programs.

The Sponsors may refine any selected proposal through subsequent discussions and negotiation with the proposing party. The Sponsors also retain the right to reject any and all submitted proposals.

The Sponsors intend to evaluate, select and fund industry proposals on a rolling basis. Therefore, it is to the advantage of any submitting party to present their proposal to the Sponsors as soon as possible.

### **Proposal Contact Information**

Questions regarding this solicitation should be submitted via e-mail to Glenn Reed, NEEP Residential Program Manager, at [greed@neep.org](mailto:greed@neep.org) or at 781-860-9177, x19. He will respond within two business days to your questions. At this time a bidders conference is not planned.

### **Proposal Cut-off Date and Submission Methods**

The cut-off date for any proposals to be considered in this round of funding is 4:00 p.m. Friday, March 1, 2002. Requests received after that date may receive consideration based on merit and funding availability. NEEP and the Regional Initiative Sponsors intend to evaluate proposals within two weeks of their receipt. As noted above, the regional program Sponsors intend to evaluate, select, and fund industry proposals on an on-going basis and proposals submitted early may be reviewed and selected prior to March 1.

### **Written Proposals**

Written proposals should be sent to [swagley@neep.org](mailto:swagley@neep.org). If you need to send any or all of your proposal documents as hardcopy, please send twelve copies to:

Subid Wagley  
NEEP  
5 Militia Drive  
Lexington, MA 02421  
781-860-9177, x15

Submitted materials will not be returned. If there are components of your proposal that you consider proprietary, please identify them in your cover letter.

## **Oral Presentations**

Requests for an oral presentation to the Sponsors should be submitted by the March 1 due date to Subid Wagley at [swagley@neep.org](mailto:swagley@neep.org) or 781-860-9177, x15. NEEP will attempt to schedule a conference call or meeting within two weeks of a request. Industry partners submitting program concepts for consideration may forward NEEP proposal materials electronically for distribution prior to any conference call or meeting. These materials should be submitted to [swagley@neep.org](mailto:swagley@neep.org).



**Appendix A-1****2002 Sponsors of the Northeast Energy Efficiency Partnerships****Residential ENERGY STAR® Appliance Initiative****Sponsors Participating in Appliance Industry Solicitation in **BOLD****

<b>State/Sponsor</b>	<b>Number of Households Served</b>
<b>Connecticut</b>	
<b>Northeast Utilities (Connecticut Light and Power)</b>	<b>1,032,125</b>
<b>United Illuminating Company</b>	<b>282,000</b>
<b>Massachusetts</b>	
<b>Cape Light Compact</b>	<b>158,000</b>
<b>KeySpan Energy, New England</b>	<b>See Note 1</b>
<b>National Grid USA (Massachusetts Electric)</b>	<b>1,037,000</b>
<b>Northeast Utilities (Western Massachusetts Electric)</b>	<b>182,000</b>
<b>NSTAR Electric</b>	<b>771,000</b>
<b>Unitil/Fitchburg Gas and Electric</b>	<b>23,000</b>
<b>New Hampshire</b>	
<b>National Grid USA (Granite State Electric)</b>	<b>31,000</b>
<b>New Hampshire Electric Cooperative</b>	-
<b>Northeast Utilities (Public Service of New Hampshire)</b>	-
<b>New Jersey</b>	
<b>Conectiv Power Delivery</b>	-
<b>GPU Energy</b>	-
<b>New York</b>	
<b>Long Island Power Authority</b>	<b>936,000</b>
<b>New York State Energy Research &amp; Development Auth.</b>	-
<b>Rhode Island</b>	
<b>Narragansett Electric</b>	<b>404,000</b>
<b>Vermont</b>	
<b>Efficiency Vermont</b>	<b>280,000</b>
<b>Total Residential Households of Initiative Sponsors Participating in Appliance Industry Solicitation</b>	<b>5,136,000</b>

**Note 1:** Due to overlapping service territories, the KeySpan Energy customers (690,000) are included in the other Massachusetts Sponsor entries.

**Appendix A-2**  
**Sponsors of the Northeast Energy Efficiency Partnerships**  
**Residential ENERGY STAR® Appliance Initiative**  
**Current 2002 Appliance Rebate and Spiff Offerings**

State	Utility/Agency	Appliance Rebates \$				
		RAC	Refrigerator	Dishwasher	Clothes Washers	Dehumidifiers
<b>CT</b>	Connecticut Light and Power	25	25	25	25	
	United Illuminating	25	25	25	25	
<b>MA</b>	Cape Light Compact				50	
	KeySpan Energy, New England					
	Massachusetts Electric					
	NSTAR Electric					
	Western Massachusetts Electric					
	Unitil/Fitchburg Gas and Electric					
<b>NH</b>	Granite State Electric				50	
<b>NY</b>	Long Island Power Authority				75	
<b>RI</b>	Narragansett Electric				50	
<b>VT</b>	Efficiency Vermont				50	

**SPIFFS:**

CL&P offers a \$10 SPIFF for ENERGY STAR qualified dishwashers, clothes washers and refrigerators. The Spiff payment may be paid to the retailer, sales staff, or be pooled for future promotions.

## Appendix A-3

### Description of Joint Regional Appliance Program Activities

#### *Accomplishments Since 1998*

The Regional Appliance Initiative began in 1998 with an initial focus on energy efficient clothes washers. More recently, the Initiative has expanded to target all of the major ENERGY STAR appliances: clothes washers, dishwashers, refrigerators and room air conditioners (RAC). To support their residential appliance program efforts, the Sponsors have:

- Through the end of 2001, provided over \$6 million in consumer rebates representing the sale of over 80,000 ENERGY STAR clothes washers.
- Spent an additional \$6 million on coordinated, regional marketing activities over the past three years, including highly effective TV and radio campaigns.
- Through their program retail support contractors, completed over 6,000 visits in 2001 to appliance retailers to provide sales staff training, update eligible product listings, assist with the placement of point-of-purchase (POP) materials, and replenish appliance rebate forms.
- Distributed and/or displayed over 6 million pieces of POP material items in 2001 alone.

The Sponsor's participating in this solicitation retain the services of four program contractors providing the following program services:

- **Marketing, public regulations and communications** – provided by the Cadmus Group of Waltham, MA with Mullen acting as a subcontractor to Cadmus.
- **Coupon fulfillment** – provided by the Energy Federation, Inc. (EFI) of Westborough, MA. LIPA does the coupon fulfillment for their ENERGY STAR appliance program.
- **Retailer support** – provided by Applied Proactive Technologies (APT) of Springfield, MA in Massachusetts, Rhode Island, New Hampshire, Vermont, and Long Island. In Connecticut, Competitive Resources, Inc. (CRI) of Wallingford, CT provides retailer support services.

These same contractors provide similar services for the Sponsors' ENERGY STAR lighting programs.

The success of the Sponsors' efforts can be demonstrated in several ways:

- Based on 2001 third-quarter data from EPA, the ENERGY STAR clothes washer market share for the participating Sponsors is approximately 50% higher than the national average among national chain stores – 12.5% vs. 19%.
- For two consecutive program years – 1999 and 2000 – the Sponsors' regional marketing campaign was awarded EPA's *ENERGY STAR Excellence in Consumer Education Award*.
- Over 99% of the appliance dealers in the region participate in the Sponsors' ENERGY STAR appliance programs. This represents over 600 participating appliance retailers.

The following email was sent to the list of regional/national manufacturers and retailers on the following page. APT, the field contractor for the Massachusetts utilities, visited the smaller/independent stores with a similar letter inviting them to participate as well.

-----Original Message-----

**From:** Wagley, Subid  
**Sent:** Friday, February 08, 2002 10:12 AM  
**To:** Wagley, Subid  
**Subject:** Notice of Opportunities

## **NOTICE OF OPPORTUNITY**

The Sponsors of the Northeast Regional Energy Star Appliance Initiative are requesting proposals from appliance industry partners - manufacturers, buyers groups, retailers, and other interested parties - to develop and implement joint program activities to increase the promotion and sales of Energy Star appliances in Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Long Island.

The **Appliance Industry Invitation to Participate** is posted on the Northeast Energy Efficiency Partnerships (NEEP) Website at:

[www.neep.org/participate\\_appliance](http://www.neep.org/participate_appliance)

If you would like a hardcopy of this document mailed or faxed to you please contact Subid Wagley at 781-860-9177, x15 or [swagley@neep.org](mailto:swagley@neep.org)

Questions regarding the *Invitation to Participate* should be directed to Glenn Reed at [greed@neep.org](mailto:greed@neep.org) or at 781-860-9177, x19.

As detailed in the *Invitation to Participate*, industry proposals can be submitted in writing or presented verbally to the Sponsors of the Northeast Regional Energy Star Appliance Initiative. Written proposals, or a request for a verbal presentation, must be submitted to NEEP by March 1, 2002. Requests received after that date may receive consideration based on merit and funding availability.

Please note that the Sponsors intend to evaluate, select and fund industry proposals on a rolling basis. Therefore, it is to the advantage of any submitting party to present their proposal to the Sponsors as soon as possible. Proposals submitted early may be reviewed and selected prior to March 1.

**We strongly encourage our appliance industry partners to participate in our efforts to promote and increase sales of ENERGY STAR appliances.**

**Subid Wagley**

Northeast Energy Efficiency Partnerships, Inc.  
781-860-9177 (ext. 15)  
781-860-9178 (fax)



## Recipients of the Notification for the Invitation to Participate (ITP)

**Manufacturers                      Contact Name                      Email**

Amana Appliances	Jeff Vaughan	<a href="mailto:jeff.vaughan@amana.com">jeff.vaughan@amana.com</a>
Appliances International	John Lee	<a href="mailto:applianceint@1stnetusa.com">applianceint@1stnetusa.com</a>
ASKO, Inc.	Michael Wasson	<a href="mailto:wassonmichael@askousa.com">wassonmichael@askousa.com</a>
Bosch Home Appliances	Jeff Thom	<a href="mailto:jeff.thom@bshg.com">jeff.thom@bshg.com</a>
Carrier Corporation	Javier Piraneque	<a href="mailto:javier.piraneque@carrier.utc.com">javier.piraneque@carrier.utc.com</a>
Daewoo Electronics Co. Ltd	Jae-Duk Lee	<a href="mailto:jdlee@web.dwe.co.kr">jdlee@web.dwe.co.kr</a>
Danby	Mike Hamilton	<a href="mailto:mhamilton@danby.com">mhamilton@danby.com</a>
Diversified Refrigeration Inc.	Jim Scoville	<a href="mailto:jws@dritn.com">jws@dritn.com</a>
Electrolux Home Products	John Swenson	<a href="mailto:john.c.swenson@electrolux.com">john.c.swenson@electrolux.com</a>
Equator Corporation	Atul Vir	<a href="mailto:atul@equatorappl.com">atul@equatorappl.com</a>
Fedders North America	Doug Buckwell	<a href="mailto:dmbuckwell@mcleodusa.net">dmbuckwell@mcleodusa.net</a>
Fisher & Paykel	Mike Butkovic	<a href="mailto:mike.butkovic@fisherpaykel.com">mike.butkovic@fisherpaykel.com</a>
Fisher & Paykel Appliances	Bryce Wells	<a href="mailto:bryce.wells@fisherpaykel.com">bryce.wells@fisherpaykel.com</a>
Friedrich	Paul Drane	<a href="mailto:pdrane@friedrich.com">pdrane@friedrich.com</a>
Friedrich Air Conditioning Company	Ron Koehler	<a href="mailto:rkoehler@friedrich.com">rkoehler@friedrich.com</a>
Frigidaire	Lenny Paul	<a href="mailto:lenny.paul@electrolux.com">lenny.paul@electrolux.com</a>
GE	Louis Franciose	<a href="mailto:louise.framciose@appl.ge.com">louise.framciose@appl.ge.com</a>
GE Appliances	Earl Jones, Jr.	<a href="mailto:earl.jones@appl.ge.com">earl.jones@appl.ge.com</a>
Haier America Trading	Pankaj Palega	<a href="mailto:ppaleja@haieramerica.com">ppaleja@haieramerica.com</a>
Heat Controller Inc.	Ken Ely	<a href="mailto:kely@heatcontroller.com">kely@heatcontroller.com</a>
LG Electronics, Inc.	Jae Park	<a href="mailto:jaehpark@lge.com">jaehpark@lge.com</a>
MAYTAG	Lashelle Woods	<a href="mailto:lwoods@maytag.com">lwoods@maytag.com</a>
MAYTAG	Jonathan Page	<a href="mailto:ipage2@maytag.com">ipage2@maytag.com</a>
Miele, Inc.	Matthew Kuery	<a href="mailto:mkueny@mieleusa.com">mkueny@mieleusa.com</a>
Samsung	Robert Sem	<a href="mailto:bobs@sea.samsung.com">bobs@sea.samsung.com</a>
SHARP Electronics Corporation	Wayne Myrick	<a href="mailto:wmyrick@sharpsec.com">wmyrick@sharpsec.com</a>
Staber Industries, Inc.	Chad Neal	<a href="mailto:cneal@staber.com">cneal@staber.com</a>
Sub-Zero Freezer Company, Inc.	Chris Rieger	<a href="mailto:crieger@subzero.com">crieger@subzero.com</a>
Thor Appliances	Michael Lee	<a href="mailto:info@specializedappliances.com">info@specializedappliances.com</a>
Viking Range Corporation	Beth Williams	<a href="mailto:BWilliams@vikingrange.com">BWilliams@vikingrange.com</a>
Westland Sales	Greg Lundbom	<a href="mailto:greg@westlandsales.com">greg@westlandsales.com</a>
Whirlpool	Michael Caliendo	<a href="mailto:michael_p_caliendo@email.whirlpool.com">michael_p_caliendo@email.whirlpool.com</a>
Whirlpool Corporation	Deborah Jones	<a href="mailto:deborah_k_jones@email.whirlpool.com">deborah_k_jones@email.whirlpool.com</a>
Panasonic	Mark Sharr	<a href="mailto:sharrm@panasonic.com">sharrm@panasonic.com</a>

### Retailers

Nationwide	Rich Weinberg	<a href="mailto:rickw@nwide.com">rickw@nwide.com</a>
NECO	Mel Hunger	<a href="mailto:mel@necoalliance.com">mel@necoalliance.com</a>
Home Depot	Rick Scheler	<a href="mailto:Rick_Schaller@homedepot.com">Rick_Schaller@homedepot.com</a>
	Anna Siefken	<a href="mailto:Anna_Siefken@homedepot.com">Anna_Siefken@homedepot.com</a>
Best Buy	Leon Sturk	<a href="mailto:leon.sturk@bestbuy.com">leon.sturk@bestbuy.com</a>
	Zachary Teske	<a href="mailto:zachary.leske@bestbuy.com">zachary.leske@bestbuy.com</a>
AVB/BrandSource.com	Joe Massucci	<a href="mailto:j.sooch@verizon.net">j.sooch@verizon.net</a>
SEARS	Susie Komornik	<a href="mailto:skomornik@sears.com">skomornik@sears.com</a>
LOWES	Tom Sparling	<a href="mailto:tom.b.sparling@lowes.com">tom.b.sparling@lowes.com</a>
Bermies	Lou Gaffen	<a href="mailto:lgaffen@bermies.com">lgaffen@bermies.com</a>
Nelson & Small	Lynn Shanker	<a href="mailto:lynns@nelsonsmall.com">lynns@nelsonsmall.com</a>

## *Sears 10% Off Coupon Opportunity*

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In addition to enhanced in store materials, sales training sessions and special promotional opportunities, the ENERGY STAR Home Products Program has negotiated with Sears for a utility offered coupon of 10% off all regularly priced ENERGY STAR qualified appliances.

This is an excellent promotion in which utilities can offer a purchase incentive to all their residential customers, giving them the choice of buying one or multiple ENERGY STAR qualified appliances without being manufacturer specific. It is a unique way to offer customers an incentive at low cost, or to compound a rebate already in place.

### Partnership roles

The 10% Coupon offer is a cooperative partnership between the Program, Sears and partnering utilities. Sears is covering the cost of the 10% discount, the bulk of the cost of the promotion. The Utility is responsible for distribution of the coupon, including any costs that are associated with it, such as design, printing and production.

The Program will work with Sears to secure a bar code specific to the utility for tracking purposes, and facilitate all in-store communications with salespeople, making them aware of the utility partnership and consumer offer. Although prior partners have chosen to design their own coupons, the Program can provide a boilerplate for use. If the utility decides to design the piece in-house, the Program will provide specific Sears approved language necessary for inclusion.

### Distribution channels

There are currently four possible distribution channels for the coupon. A utility may choose to utilize one or all four of the possibilities.

*Bill stuffer* - Distributing the coupon in this manner guarantees reaching a utility specific customer base. All recipients are guaranteed to be utility customers, and each will be sure to receive a coupon.

*Newsletter* - Coupons distributed in this manner get similar exposure as a bill stuffer. It also can save on printing costs by incorporating it into a corner of a current newsletter.

*Print ad* - Featuring a print ad with a cutout coupon in the local paper increases the level of visibility, enhancing community involvement, although customers redeeming coupons are not guaranteed to be utility customers.

*Website* - A printable coupon may be featured on the utility website. This method offers versatility and can be used to enhance the print ad and billstuffer approach, or as an alternate option.

### Tracking procedures

Utilities will be assigned a unique bar code to track sales activity for participants. Sears will supply a monthly report specific to each participating utility based on barcodes scanned. This report will include the appliance type; quantity sold and total discounted amount.



***Sears 10% Off Coupon Opportunity***

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**Eligible products**

The coupon is valid on all regularly priced ENERGY STAR qualified appliances, including (clothes washers, dishwashers, refrigerators and room air-conditioners), with the exception of the Maytag Neptune due to their national retail pricing agreement.

**Participation**

If you have any questions regarding this offer, or would like to participate in the Sears 10% Off Coupon Opportunity, call Susie Hoar at (503) 595-4483. To find out about further partnership opportunities sign up for the ENERGY STAR Home Products Program listserv by logging on to [www.energystarhpp.org](http://www.energystarhpp.org).

## ***Joint Rebate Opportunity***

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5/15/02

Dear Manufacturer:

Over the past several years, utilities and other energy efficiency program sponsors in the northeast have established strategic partnerships with manufacturers and retailers to promote the sale of Energy Star Appliances. In the third quarter of 2002 we are excited to be offering another bold incentive program that will help to increase sales of your Energy Star labeled clothes washers in Massachusetts. The campaign will be designed around a joint utility/manufacturer \$100 mail-in consumer rebate (valid from 7/1/02-9/30/02).

All appliance manufacturers that currently make and sell Energy Star Clothes washers are invited to participate in this effort. If you choose to participate, any customers purchasing one of your Energy Star qualified clothes washers will receive a \$100 mail-in rebate. The sponsoring utility companies will pay \$50 of this amount and are requesting participating manufacturers to contribute the other \$50 for each one of your models that is rebated through the program. In addition, the utilities will include your brand and model numbers in the list of eligible products for this promotion.

The features of this promotion include:

- A three-month promotional rebate on select Energy Star Clothes Washers (offered on participating manufacturers models only) for customers of participating residential electric utilities in Massachusetts.
- Co-operative retailer advertising opportunities.
- Supplementary in-store promotional materials.
- Retailer training and support.
- Processing responsibilities handled by the MA utilities' fulfillment contractor

The utilities will create the rebate forms and will handle all rebate fulfillment responsibilities. The rebate form will list only the products selected. Those select items will be honored through this promotion. In order to qualify for the rebate, all purchases must be made during dates of the promotion. Only manufacturers who sign up will be included in this rebate offer. As a result those manufacturers that do elect to participate will have a unique opportunity to sell their product with an enticing consumer incentive that others will not.

The rebates will be processed by the utilities' fulfillment house. Rebate entries will be screened to ensure that consumers are residential customers of the participating utilities. The sponsoring utilities will invoice participating manufacturers \$50.00 for each one of your select units sold during the event.

Manufacturers can demonstrate their commitment to participate by signing the attached letter of acceptance enclosed in this communication packet. **Confirmation of your participation needs to be received by 6/3/02 in order to include your product in this promotion. We will follow up with letters and phone calls one week to the deadline to confirm receipt of your involvement (or to confirm non-interest).**

### **Marketing/Advertising**

The sponsors are in the process of building another marketing campaign for the second half of 2002. This incentive will be worked into portions of that campaign. Once we have the final package created, we would welcome manufacturer support by informing retailers of this joint promotion, and encouraging their participation, as well. Advertising vehicles offer the opportunity to include retailer participation should there be interest. Should additional regional advertising opportunities become available, participating manufacturers will be contacted. Cooperative ads suggested by manufacturers will be reviewed and considered on a case by case basis.

If you have any questions regarding this promotion, please do not hesitate to call me at 1-877-886-2540.

Sincerely,

Mike DelNegro  
Program Manager

***Joint Rebate Opportunity***

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**Joint Rebate Participation Sign-up Sheet****What does the manufacturer need to do to participate?**

The utilities would like to partner with interested manufacturers that currently sell Energy Star qualified clothes washers. We are asking participating manufacturers to join with the sponsoring utilities to offer a combined \$100 rebate.

1. Agree to reimburse the utilities for ½ of the rebate totals.
2. Sign our participation agreement form and return original signed copy to APT by the due date.
3. Agree to sixty-day terms from submittal of invoice on reimbursement. Invoicing will take place once a month and then go to twice a month as volume increases. Sponsoring Manufacturers will pay on each invoice and will not hold payment for the "final invoice".
4. Provide a breakout on what type of customer data that they would require for their records. We would need this prior to the onset of the program launch.

**In exchange the Sponsoring Utilities in Massachusetts agree to:**

1. Design, create and distribute consumer rebate forms to all retail outlets in MA.
2. Agree to split the cost of each \$100 rebate request during the promotional period
3. Handle all processing and fulfillment responsibilities (and costs) for the rebate.
4. Provide a list of customers that participated in the rebate
5. Create a supportive marketing campaign
6. Provide supportive point of sale materials

**When:** Rebate offer will be valid for purchases made between 7/1/02-9/30/02. Rebate offer available to residential customers of participating utilities only.

***Joint Rebate Opportunity*****Listed Products Promotion Worksheet**

Please list the Products below that you would like included in the promotion. Please note that only Energy Star Qualified Clothes Washers can be included in this list.

Manufacturer Name	Model #

The above stated manufacturer agrees to participate in the three-month joint consumer rebate program with the utilities in Massachusetts. The manufacturer agrees to match \$50 for each rebate honored on the above listed models. The rebate will be offered from 7/1/02-9/30/02. This offer is valid only for residential customers of participating utilities in Massachusetts. The utilities will develop and design the rebate form and distribute it to retailers. The utilities will also receive and process the forms and send out checks to consumers. Once all rebates have been processed participating manufacturers will be invoiced on each unit they sell that qualifies for the Energy Star Program. Payment terms are Net 60 days from the date of each invoice.

**Send to:****Applied Proactive Technologies****1242 Main St. suite 413****Springfield, MA 01103****Fax: 413-734-3475****Attn: Mike Del Negro**

Manufacturer Invoices need to be sent to the following:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Name (please print): \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**\$50 Joint Rebate Opportunity Exclusively with Sears**

10/14/02 –MA Version

**Joint Rebate Overview**

**Exclusive CW Mail-In Rebate Promotion with Sears in Massachusetts**

Sears and the Massachusetts Utilities (Mass Electric, NSTAR, Western Mass Electric, Unitil, Cape Light Compact) agree to offer a joint \$50 customer mail-in rebate for sales of select\* ENERGY STAR Clothes Washers sold in SEARS stores located throughout Massachusetts (see store list). This promotion is intended to assist Sears in increasing the volume of clothes washers during the promotional period while increasing consumer awareness of the benefits of Energy Star clothes washers.

This promotion will take place from **November 1 through December 31, 2002** at select Sears locations (limited only to stores located within Massachusetts). ALL of the following stipulations must be agreed upon (or re-written) prior to moving forward with the creation and distribution of materials and deliverables.

**Massachusetts Utilities Deliverables:**

1. The Mass Utilities will develop and design the rebate coupon and in-store signage, incorporating Sears, Utility and ENERGY STAR logos. Sears will have the opportunity to review and approve coupon and in-store signage.
2. The Mass Utilities field services contractor (APT) will send field representatives to Sears Stores to deliver coupons, set up in-store signage and provide on-site training.
3. The Mass Utilities field services contractor (APT) will replenish the stores with the supplemental coupon for the duration of the promotion.
4. The Mass Utilities field services contractor (APT) will promptly remove and discard coupons and in-store signage at the end of the promotion.

**Sears Deliverables:**

1. Sears will finance the costs associated with the printing of the coupon.
2. Once all rebates have been processed Sears will be invoiced on each unit they sell that qualifies for the Energy Star Program. Payment terms are Net 60 days from the date of each invoice.
3. Sears will finance the processing fees associated with this rebate offer up to \$2.00 per rebate.
4. Prominently display in-store signage during promotion. Provide customers with the supplemental coupon and the Clothes Washer mail-in rebate and provide accurate information on the rules of the offer.
5. Provide the Mass Utilities with information on the projected numbers of ENERGY STAR clothes washers to be sold during the promotional period.

**\$50 Joint Rebate Opportunity Exclusively with Sea.****Coupon Language**

This offer is a joint promotion between Sears and the Mass Utilities and is unique to purchases on select product made at Sears.

This is a MAIL-IN REBATE , not an instant coupon. Consumer purchases made before **11/1/02 or after 12/31/02** will not be eligible for this additional incentive.

Customer must submit a SEARS sales receipt showing date of purchase (with qualified models only) in order to receive rebate.

Manufacturer name and model number of the qualified Energy Star clothes washers will be listed on the coupon.

Coupon will note the start and end date of the promotion as **November 1, 2002 - December 31, 2002.**

Coupon will state that all rebate requests must be postmarked no later than **January 31, 2003** in order to receive rebates.

Coupon will limit the rebate and supplemental coupon to one per residential electric Narragansett customer.

**Stores that will be affected:**

Sears Roebuck & Co # 1273	MA	Holyoke
Sears Roebuck & Co # 1093	MA	Springfield
Sears Roebuck & Co # 3643	MA	Great Barrington
Sears Roebuck & Co # 2343	MA	Lanesboro
Sears Roebuck & Co # 1133	MA	Leominster
Sears Roebuck & Co # 1213	MA	Auburn
Sears Outlet # 4113	MA	Shrewsbury
Sears Roebuck & Co # 1104	MA	Marlborough
Sears Roebuck & Co # 1403	MA	Natick
Sears Roebuck & Co # 1163	MA	Burlington
Sears Roebuck & Co # 1053	MA	Saugus
Sears Roebuck & Co # 1253	MA	Peabody
Sears Roebuck & Co # 1123	MA	Dedham
Sears Roebuck & Co # 1343	MA	Cambridge
Sears Roebuck & Co # 1283	MA	Braintree
Sears Roebuck & Co # 1243	MA	Hanover
Sears Roebuck & Co # 2043	MA	Kingston
Sears Roebuck & Co # 2233	MA	Brockton
Sears Roebuck & Co # 3634	MA	East Wareham
Sears Roebuck & Co # 2323	MA	Hyannis
Sears Roebuck & Co # 2373	MA	North Dartmouth
Sears Roebuck & Co # 1033	MA	North Attleboro
Sears Roebuck & Co # 2283	MA	Swansea
Sears Roebuck & Co # 2934	MA	Taunton
Sears Outlet # 4823	MA	Fall River



***Joint SPIFF Opportunity Exclusively with Maytag***

4/15/02

Proposal to enter in a joint retailer incentive program between the sponsoring electric utilities (including Cape Light Compact) and Maytag.

The concept is that an exclusive SPIFF be offered to independent retail salespeople for the sale of Energy Star Qualified Maytag Appliances. The target products include Refrigerators, Clothes Washers and Dishwashers. We had originally intended to include air conditioners in the product selection as well. However, Maytag at this time does not offer any air conditioners that qualify for Energy Star. The incentives that will be paid to retailers will be split between the utility sponsors and Maytag.

**What is the incentive?**

A retailer incentive will be offered through the Energy Star Program (not Maytag). The incentive will be offered ONLY for the listed Maytag (as well as Jenn-Air and Amana) Qualified Energy Star Appliances provided by Maytag (refer to attached list). The Energy Star Program during this particular promotion would incentivize only Maytag Products (and no other manufacturer). SPIFF amounts will be congruent with the list that Maytag provided in its original proposal. Maytag will have an opportunity to add additional/new products to that list before the distribution of the program. The list shows incentive amounts ranging from \$10-\$25 based on the product type and size.

**\$500 Incentive Ceiling**

The Sponsoring Utilities require that a ceiling of \$500.00 be placed on this incentive. We wish to do this for a variety of reasons. First, to control costs in the event that the program goes beyond the original budget. Second, to avoid having to issue 1099's to salespeople. The last reason is to avoid making the incentive so aggressive that retail storeowners view it as TOO generous and thus losing complete control of their sales floors (and in turn refusing to allow us to offer it).

It is our assumption that SPIFFs exist for various reasons. Some are offered to clear out old inventory and make room for others. Others to promote new product/promotions. Still others are used to increase salesperson loyalty. Finally, they are offered to simply keep pace with competition.

If the Energy Star Program offers a SPIFF exclusive to Maytag products then Maytag would be able to achieve all of the above resulting in increased sales of Maytag Products (not to mention Energy Star) during this period. SPIFFs are made available to salespeople consistently by all manufacturers. Each one looking to get a competitive edge over the other. Our SPIFF will stand out because it will go beyond what other manufacturers are offering. Once the salespeople realize that they can literally get two incentives (one from Maytag's existing SPIFFS and one from Energy Star) for selling one appliance they will quickly turn their focus toward Maytag.

We can tailor strategic products based on our mutual needs.

**What APT will do?**

1. We will design all the forms, handouts, flyers and paperwork required to launch the campaign (see attached drafts). We are open to heavy feedback on its components from Maytag. We do have experience in this area and have launched a few successful campaigns to date. We will also allow Maytag final approval/review of the forms.
2. APT field representatives will distribute materials and enlist the participation of qualified salespeople.
3. APT will make use of the working group's rebate fulfillment contractor (EFI) and process ALL SPIFF submittals. This at ZERO cost to Maytag. ALL processing expenses will be paid by the utilities.

***Joint SPIFF Opportunity Exclusively with Maytag***

4. During the promotional period APT field staff will also highlight and promote any special campaigns or selling tools related to Energy Star Qualified Maytag Home Appliances (thus supplementing the efforts of your qualified sales team).
5. APT/EFI will calculate the total SPIFF breakout and submit an invoice to Maytag with backup consumer/salesperson information. Maytag requires that we provide information on the each salesperson, how much money they received and which store they work in. They will also require copies of each SPIFF submittal form (since the forms have been created in carbon this should not be too difficult).

In exchange, we ask Maytag to do the following:

1. Pay for 50% of the total of all SPIFF submittals paid by a pre-determined due date.
2. Include Energy Star Logos in all advertising during the time-period. We would also expect them to include an additional message on how Maytag (or the advertising retailer) is an Energy Star Partner carrying the highest quality energy saving products on the market today.
3. Maytag agrees to provide a P.O to the utilities' fulfillment contractor (EFI) and agrees to terms (30 day?) from submittal of the final invoice. Checks to be payable to: \_\_\_\_\_. Maytag must also provide an overview of the type of backup information they will require for their records as well (preferably before the onset of the program). EFI will start out cutting checks/invoicing once a month, and then go to twice a month as volume increases. Each invoice needs to be paid, not held for the "final invoice".

**When will this run?**

On our last telephone call, we set a target date of 5/1/02. Time is already against us and realistically we could get this rolling as quickly we get final sign off from the utility sponsors. This promotion ideally should run from 5/1/02 through 8/1/02. However, if our budgets do not permit this then we can scale back the time-period. APT can produce forms over the next few weeks and target distribution/sign ups the last two weeks of April. If either Maytag or the utility sponsors cannot confirm commitment in time to properly launch this, we could postpone the launch date by a few weeks (if needed).

**Where will this be offered?**

This SPIFF will be launched to all independent retailers in Massachusetts. The only exception being the Maytag Home Appliance Centers. Historically, Maytag has not provided SPIFFs (to those stores) and they would not be able to break from that policy. All electric utilities in MA have committed to this. Only sales to residential consumers living in MA will be honored. This will be explained to the salespeople during the enrollment process. At this time, Rhode Island and Connecticut will not be involved in the program.

**How much will this cost?**

If we were to SPIFF all listed products (from the list provided by Maytag) and used the suggested amounts; it would cost a total of \$39,000 a month to fund. Based on Maytag's budget and SPIFF history they estimate that over a three-month period, it would cost **\$117,000** (\$58,500 for Maytag and \$58,500 for the utilities) in incentives to the retailers.

The additional expenses to the utilities for fulfillment services by EFI have not been included in this estimate.

## ***Manny's Earth Week Promotion***

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3/1/02

### **Proposal**

Proposal for joint promotional partnership between Manny's Appliances, Western Massachusetts Electric and Massachusetts Electric.

Manny's TV and Appliances is a local retail chain in Western Massachusetts. Manny's has five store locations in Western Massachusetts (Wilbraham, Greenfield, Westfield, Hadley and Holyoke). They are a well-known entity in the area. They claim to control a majority of the market share of large home appliance sales in the area. The most recent estimate that Manny provided has him with a market share of 42% of all appliance sales in Western Massachusetts.

The purpose of this document is to finalize the logistics and finances for running a joint promotional campaign that would promote Energy Star Qualified Appliances in April-May of 2002. The intention is to define a partnership with Manny's and Western Massachusetts Electric and Massachusetts Electric.

#### **Store Advertising Information**

##### **Newsprint**

Manny's runs 52 ads per year. An ad is run once a week into the Friday/Saturday edition of local papers. These flyers are inserted into:

1. The Springfield Union News (circulation 155,000)
2. Greenfield Recorder (circulation 20,000)
3. Hampshire Gazette (circulation 15,000)

**The total weekly circulation of these ads is 190,000.**

This ad also links to masslive.com that offers an additional circulation of 20,000.

The cost to run these ads is normally \$7500.00

##### **Television Spots**

Manny's runs television spots on channel 22 and channel 40 (local NBC and ABC) as well as on local cable stations (AT&T Cable Network for Western Massachusetts). They run a total of about 80-100 spots per week. **The total estimated number of people (18 years and older) reached is over 290,000 people. Each one of those people sees the ad an average of three times per week.** The TV reaches the entire Western Massachusetts Region as well as Northern Connecticut. It is estimated that these ads reach 61% of the total market in the area.

When the commercials are run through the local cable networks it is estimated that 80% of the market is reached (or @380,000 people). **As a result, we could expect the total "impressions" from this advertising to be a little more than 1 million.**

Manny's states that the cost to run these TV ads is \$10,000 per week.

## ***Manny's Earth Week Promotion***

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### **Conceptual Idea**

A consumer rebate promotion would be run in partnership with Western Massachusetts Electric and Massachusetts Electric. The consumer rebates would be advertised heavily in Manny's weekly flyer and offered in all five-store locations. This would be offered in **April 2002** and would be a ten-day promotion celebrating Earth Day.

Manny's would be responsible for offering and processing consumer rebates for ENERGY STAR appliances. The utility sponsors would not be responsible for any of the consumer incentives.

It would be done this way to allow Manny's the flexibility to offer the rebate to all consumers (and not just residential consumers of sponsoring utilities). Manny's will also offer complete sales data on that appliance product for the period before the promotion during the promotion and after the promotion.

In exchange WMECO/MECO will help to finance the costs of the advertising flyers. WMECO/MECO would want to see some specific things done to those flyers. Some of those details are listed in the detailed breakout below.

### **Manny's agrees to the following:**

1. Offer the following rebates on all ENERGY STAR qualified appliances during the set promotional period. Appliances with rebates must be Listed Energy Star Appliances off the web-site.

Product	Amount of Rebate offered
Top Mount Refrigerators	\$100.00
Bottom Mount Refrigerators	\$100.00
Side by Side Refrigerators	\$150.00
Dishwashers	\$75.00
Top Load Clothes Washers	\$75.00
Front Load Clothes Washer	\$150.00
A/C 5,000-10,000 BTU	\$75.00
A/C 11,000-30,000 BTU	\$150.00

2. Advertise the ENERGY STAR products sale heavily in a R.O.P. ad in the three previously listed newspapers for the ten days of the promotion (as well as the links).
3. Create and run a television commercial devoted to Energy Star and the rebate offers during that 10 day period.
4. Participate in the message on hold program (possibly) to incorporate Energy Star into the format and to keep it there for a period of three months.

### ***Both the TV and Print ads must include:***

- a. Photographs of qualified product,

### ***Manny's Earth Week Promotion***

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- b. Full color energy star logos next to each qualified product.
  - c. A title to the promotion such as "Energy Star Sale" located at the top front page of the flyer.
  - d. Provide an explanation as to what ENERGY STAR is.
  - e. At least two selling points of buying ES products.
  - f. A quote from Manny telling customers about his stores' commitment to the environment by selling Energy Star (we can assist in writing this quote). It would be ideal if we could figure out a way to work this into his "we have to be better...we live here campaign.....
  - f. Include the sponsoring utility/utilities logo somewhere in the ads.
  - g. Involve the utilities in the ad creation process and a chance to review prior to publication.
4. Provide detailed sales data including model numbers and volume of units sold before, during and after the promotional period (to allow utilities to track level success). We are looking to get a comparison of qualified models sold vs non-qualified models sold during the sales period. In addition, Manny's agrees to provide detailed clothes washer sales data for the entire 2002 season (which is actually a requirement of being an Energy Star Partner).
  5. Provide a detailed written account of how this promotion affected his sales for that week and its affect on his sale of Energy Star products. We are looking for some type of endorsement.
  6. Manny's will create a display area in each one of its 5 stores that dedicated to Energy Star products.

#### **In exchange WMECo/MECO will do the following:**

1. **WMECo/MECO** will provide a check for **\$3750.00** toward the print advertising for the week that the promotion is run.
2. **WMECo/MECO** will provide a check up to **\$6,375.00** toward the TV advertising costs for the promotion.
3. **WMECo/MECO** will provide a supplementary promotional stocking incentive to help Manny offset his expenses related to the rebates that he is offering. Manny estimates that he will sell about 200 Energy Star pieces as a result of this promotion. **WMECo/MECO** would pay up to **\$6,000.00** bonus upon receipt of detailed sales data.
4. **WMECo/MECO** staff will assist with creation of the ad/flyer. This would include providing logos as well as good selling points.
5. Provide additional point of sale materials such as brochures, stickers etc.

***Manny's Earth Week Promotion***

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Please note that the money for the newsprint and TV advertising will be rewarded upon receipt of copies of invoices from the marketing agencies. The remaining dollars will be rewarded upon receipt of complete sales data of all appliances products sold before during and after this promotion.

**TOTAL AMOUNT PAID TO MANNY'S: \$16,125.**



***Kahian's ENERGY STAR Promotion***

7/31/02

The following is a draft proposal for a joint promotional partnership between Kahian's Appliances, NSTAR Electric and Massachusetts Electric (MECO).

**BACKGROUND:** Kahian's Appliances is an independently owned chain on the south shore of Massachusetts. They are a well-known entity in the area having three store locations (Plymouth, Hanover, Middleboro). The purpose of this document is to establish an agreement between Kahian's Appliance and the participating utilities (NSTAR Electric and MECO) on running a joint promotional campaign promoting Energy Star Qualified Appliances in the fall/winter season of 2002.

**Over arching concept**

**Engage in a 3-month Energy Star Television Campaign promoting a 6-month no interest-financing package on all ENERGY STAR appliances. It will also include an extended warranty plan.**

The local cable television advertisement(s) will consist of a consumer awareness campaign in partnership with NSTAR Electric, MECO, (and possible manufactures) supported by a consumer incentive funded by Kahian's Appliance One.

Kahian's will promote themselves as a retailer that sells ENERGY STAR products, showcase consumer benefits of buying ENERGY STAR, and provide additional in-store consumer incentive on ES products exclusive to Kahian's

This cooperative effort allows utilities the opportunity to share/save on advertising costs through Kahian's current contracts and special store rates. Further, it creates an ENERGY STAR message with more direction then if it was advertised by the utilities alone (i.e. go to Kahian's to buy ES), and provides Kahian's the chance to stretch advertising dollars and get more media exposure then if he were to advertise on his own.

It is our mutual goal to run a three-month promotion. Target dates of the promotion would be 9/15/02 through 12/15/02. (If we fall behind then the dates will shift.) Television coverage would cover consumers of the Hanover and Plymouth stores. The volume of advertising we expect to run is estimated to normally cost \$40,000. However, Kahian's is getting an exclusive one-time rate from Adelpia at a fraction of the cost. The total ads will cost about \$16,000 (including production costs).

Television coverage would NOT reach consumers in the Middleboro Area. However the financing package and the store POP will be offered at all three store locations.

Kahian's would be responsible for offering and processing the financing package. The utility sponsors would not be responsible for any of the consumer incentives.

It would be done this way to allow Kahian's the flexibility to make this offer to all consumers (and not just residential consumers of sponsoring utilities). Kahian's will also offer complete appliance sales data for the period before the promotion during the promotion and after the promotion (as well as offer historical data from the same period in 2001). This is done so that the utilities can measure any effects the promotion may have had on his volume of ENERGY STAR sales.

***Kahian's ENERGY STAR Promotion***

In exchange NSTAR/MECO will help to finance the costs of the advertising. NSTAR/MECO would want to see some specific items included in the ad. Some of those details are listed in the detailed breakout below.

**Kahian's agrees to the following:**

1. Offer an EXCLUSIVE Kahian's "consumer incentive" on all (or select) ENERGY STAR qualified products during a determined promotional period. This would be offered exclusively by Kahian's and done separately from any utility sponsorship.
2. Launch a 3-month media campaign for ENERGY STAR through his special pricing from Adelphia.
3. The advertising must include:
  - a. Images of qualified product prominently displayed in the ad (front loaders are the most recognized symbol). Kahians has full autonomy as to which manufacturer he elects to feature.
  - b. Full color ENERGY STAR logos next to each qualified product and placed as often as possible.
  - c. A title to the promotion such as "Energy Star Sale" mentioned in the commercial and written in text.
  - d. At least two selling points of buying ES products. I can provide this for you.
    - "Some of today's ENERGY STAR refrigerators use less electricity than a 75-watt light bulb."
    - "One ENERGY STAR clothes washer can save over 7000 gallons of water a year."
    - "ENERGY STAR clothes washers could save you over \$100/yr. off your utility bills"
    - "Replacing an old refrigerator with a new ENERGY STAR model can save you hundreds of dollars over its lifetime."
  - e. An introduction/quote from Casey (and/or his daughter) telling customers about his stores' commitment to the environment by selling Energy Star (we can assist in writing this quote).
  - f. Include the sponsoring utility/utilities logo somewhere in the ad. (i.e. this ad sponsored in part by....)
4. Provide detailed sales data including model numbers and volume of units before, during and after the promotional period (to allow utilities to track level success).
5. OPTIONAL: Allow water displays and banners in both stores (Casey can have input in the design of this display). Kahian's will continue to keep the display on the sales for up to one month after the end of the promotion. At that time they can either elect to make arrangements with NSTAR for pick-up or they can elect to keep the display if they choose.

**In exchange NSTAR/MECO will do the following:**

1. NSTAR/MECO will pay up to \$15,000 toward advertising for the period that the promotion is run. This will be paid directly to Adelphia upon submission of a detailed

***Kahian's ENERGY STAR Promotion***

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invoice. Adelphia will be reimbursed through APT (the utilities' vendor). The remaining balance (roughly \$1000) will be paid for by Kahians either directly or through manufacturer sponsorship.

2. NSTAR/MECO would finance the cost of building the water displays and banners.
3. NSTAR/MECO would provide staff to set up all point of sale materials prior to the campaign launch.

## ***Manny's Year End Promotion***

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### **10/12/02- Draft Proposal-version #2**

#### **Joint Campaign with Manny's TV and Appliances**

##### **Introduction**

The following is a suggested strategy for helping to further promote the ENERGY STAR program through a local independent retail chain. WMECO has already worked with this retailer earlier this year. Together, WMECO and Manny's created a successful ENERGY STAR promotion that both increased consumer exposure to ENERGY STAR products and increased the number of qualified units sold during the period.

Our proposal for a 4<sup>th</sup> Quarter Promotion simply seeks to reproduce a similar campaign to the one we ran in April. However, in contrast to the promotion in April we would be looking to run a multi-week campaign. Further, due to the longevity of this proposed campaign we may want to add additional supplements to maintain interest on the part of the retailer, the sales staff and the consumer.

Manny's TV and Appliances is a local retail chain in Western Massachusetts. Manny's has five store locations in Western Massachusetts (Wilbraham, Greenfield, Westfield, Hadley and Holyoke). Manny's controls the majority market share of home appliance sales in the area. The most recent estimate that Manny provided has him accounting for 42% of all appliance sales in Western Massachusetts.

The joint effort that we ran in April 2002 accomplished multiple objectives. This was the first endeavor by an independent retailer where they made a personal investment in an ENERGY STAR Promotion/Sale. Second, this campaign increased and fortified the ENERGY STAR message and consumer awareness. Third, consumers had a financial reason to buy ENERGY STAR products during this event (in the form of a rebate). Fourth, we were able to get full sales data that can be used to quantify the success of this program. Fifth, that same sales data can be used for comparison purposes unique to WMECO. Finally, the experience was set up to be a win-win for both the utilities and Manny's.

#### **Manny's Deliverables:**

1. Manny's will offer a **\$50 rebate on select ENERGY STAR clothes washers**. This rebate will be offered exclusively by Manny's. It will be an instant in store rebate with no mention of Western Mass Electric.
2. Manny's will construct a physical "coupon" intended to be handed out to the consumer.
3. Manny's will allow Western Mass Electric to display "table top" signs on all qualified units in his stores.
4. Manny's will dedicate **¼ of his weekly ROP ads to ENERGY STAR**. This area will be reserved to mention the incentive, feature product and logos. Further it will include specific language offered by WMECO. This will be done in **5 out of the following Saturday ROP ads until the end of the year (11/2, 11/9, 11/16, 11/23, 11/30, 12/7, 12/14, 12/21, 12/28)**. Thus Manny will offer and advertise this sale for nine weeks.
5. Manny's will offer a salesperson incentive (or compel manufacturers) to place a SPIFF of no less than \$25 for all ENERGY STAR models. Manny's will provide us with a list of those manufacturers who complied. WMECO will not be involved in any SPIFF processing or approvals.
6. Manny's will allow APT to place magnetic ENERGY STAR Logos on all 15 of his delivery/service trucks. Manny's will keep these on his trucks during the entire sale period. He can keep the logos after the sale period. However, if he no longer wishes to keep them

***Manny's Year End Promotion***

on the trucks we ask that he RETURN the logos so they can be re-used for future promos with other retailers.

**Western Mass Electric Deliverables:**

1. WMECO will give Manny's a tiered performance incentive. He will be paid \$35 for every ES qualified washer he sells during the sale period. If he sells more than 75 units then he will be paid \$50 for every unit that he sells beyond 75. If he sells more than 100 units then he will be paid \$75 dollars for every unit he sells beyond 100.

EX #1.

Manny sells 150 units during the sale period. His reimbursement would be as follows:

Payment for first 75 Units sold:	\$2625 (75 x \$35)
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Payment for units 76 thru 100:	\$1250 (25 x \$50)
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Payment for units 100 thru 150:	\$3750 (50 x \$75)
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<b>Total Incentive Paid:</b>	<b>\$7625</b>
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2. Western Mass Electric will provide the "table top" signs.
3. Western Mass Electric will provide the text and logos for the newsprint ads.
4. Western Mass Electric will pay for the **100%** of the costs to place magnetic logos on trucks.
5. Western Mass Electric will pay for 25% of Manny's ad costs up to (five ads). The **TOTAL** amount paid out to Manny's will be **\$12,500** (25% of \$50,000=\$12,500).

**When:**

Sale Date: Week Starting 11/2/02 through Week Starting 12/28/02

**Where:**

All five of Manny's Store Locations

1. Wilbraham
2. Hadley
3. Westfield
4. Greenfield
5. Holyoke

**Store Advertising Information****Newsprint**

One a weekly basis Manny's normally runs three full page/full color "run of press" ads. They are inserted in three local papers:

1. The Springfield Union News (daily circulation 135,000)
2. Greenfield Recorder (daily circulation 16,500)
3. Daily Hampshire Gazette (daily circulation 20,000)

**The total daily circulation of these ads is 171,000.**

This ad also links to masslive.com that offers an additional circulation of 20,000.

**Manny's Estimated Volume Sales**

We estimate that Manny's will sell about 120 Energy Star Models during this nine-week sale. This is based on historical sales data (provided by Manny's).

**Massachusetts Electric**

A National Grid Company

**Nantucket Electric**

A National Grid Company



To: Massachusetts Non-Utility Parties  
From: Massachusetts NEEP Utilities  
Subject: ES Appliance Metric 2 – Threshold Achievement  
Date: June 20, 2002

As stated in the Common Metrics for Program Year 2002 for Massachusetts Electric, Nantucket Electric, NSTAR Electric, Unitil/Fitchburg Gas & Electric, and Western Massachusetts Electric Company, the ES Appliance 2 Metric for threshold attainment reads, "Solicit input from local area small and independent retailers about their interest in participating in Industry Initiated Promotions with them. Document the findings."

The attached survey instrument (Appendix D-1) was designed by the utilities, the field support vendor, Applied Proactive Technologies (APT), and consultants to the Non-Utility Parties (NUPs). APT administered the survey to 61 small and independent retailers. Appendix D-2 shows the detailed responses given by each of the retailers.

A quick snapshot of the survey shows 1) retailers believe it is the price of ENERGY STAR appliances that prevent customers from purchasing them, 2) more than half of the retailers stated market share would decrease in the next three years with no marketing from the utilities, and 3) over 80% of retailers were willing to share sales data as part of an industry initiative.

In regards to industry initiatives, several retailers were receptive to such initiatives as retailer promotions, coop advertising, sales spiffs and rebates. Rebates, spiffs and retailer promotions were among the most prominent choices for future program strategies.

Based on the data presented in this survey, the utilities will work to implement a strategy for industry-based promotions with small and/or independent local retailers. Due to some of the challenges of the smaller retailer such as limited space, smaller marketing budgets, and antiquated tracking systems, the utilities may have to look at a multi-pronged approach to accommodate this segment of the industry.



## 2002 SMALL AND INDEPENDENT APPLIANCE RETAILER SURVEY

Store Name: _____	
City _____	State: _____
Person Interviewed (First) _____ (Last) _____	
Title: _____	Date: _____

**Survey purpose: To solicit input from small and independent retailers about their interest in participating in Industry Initiated Promotions.**

- 1) What can smaller/independent retailers such as yourself do to increase the availability and sales of ENERGY STAR<sup>®</sup> appliances?
- 2) Would you expect to see the market share for these ENERGY STAR products increase, decrease, or remain about the same in the next three years if utility marketing of these products were discontinued? WHY?
- 3) What marketing strategies could the utilities use to sustain (or increase) the current market share and sales trends for ENERGY STAR rated clothes washers currently present in the New England region assuming that they are unable to provide rebates for these appliances?
- 4) What makes it difficult or prevents consumers from purchasing Energy Star appliances?
- 5) Willingness to Participate in Industry Initiated Promotions  
Please rank the following on a scale of 1-5  
(1=would definitely not participate 2= not likely to participate 3=might or might not participate 4=likely to participate 5=would definitely participate)

a) Retailer Promotions	1	2	3	4	5
b) Coop advertising	1	2	3	4	5
c) Sales Spiff	1	2	3	4	5
d) Sales Training	1	2	3	4	5
e) Consumer instant rebates	1	2	3	4	5
f) Consumer mail-in rebates	1	2	3	4	5
g) Other (please describe):	1	2	3	4	5

## 6) Effectiveness of Industry Initiated Promotions on Market Share of ENERGY STAR

### Appliances

Please rank the following on a scale of 1-5

(1=will profoundly decrease market share 2=will decrease market share 3=will have a marginal affect on market share 4= will increase market share 5= will profoundly increase market share)

a) Retailer Promotions	1	2	3	4	5
b) Coop advertising	1	2	3	4	5
c) Sales Spiff	1	2	3	4	5
d) Sales Training	1	2	3	4	5
e) Consumer instant rebates	1	2	3	4	5
f) Consumer mail-in rebates	1	2	3	4	5
g) Other (please describe):	1	2	3	4	5

7) How do you see yourself promoting ENERGY STAR appliances? What efforts would you undertake to increase ENERGY STAR brand awareness and understanding? What would further motivate you to do so? *Please be specific.*

8) Would you be willing to provide sales data as part of an Industry Initiated Promotion?

Yes  
If "Yes", under what conditions?

No  
If "No", why not?

## 2002 SMALL AND INDEPENDENT APPLIANCE RETAILER SURVEY

Store Name: _____	
City: _____	State: _____
Person Interviewed (First): _____ (Last): _____	
Title: _____	Date: _____

**Survey purpose:** To solicit input from small and independent retailers about their interest in participating in Industry Initiated Promotions.

### 1) What can smaller/independent retailers such as yourself do to increase the availability and sales of ENERGY STAR<sup>®</sup> appliances?

- Availability is a manufacturer-controlled item. If it's available it's displayed or sold. Sometimes products are out of stock. If something is out of stock then it is hard to sell.
- Be more willing to work with sponsored programs.
- Display and tag Energy Star pieces as such.
- Advertising, use logo. Biggest thing is rebates and utility programs such as an exchange, such as a turn in program.
- Rebates again.
- States the importance to our suppliers and or buying group the need and want from our consumers of Energy Star appliances. Promote the benefits to our customers with relation to money savings, energy savings and for laundry length and extended life of garments.
- We can encourage sales but have little control over availability. We encourage sales through conveying energy conservation and in pocket utility savings. We show many Energy Star products.
- My availability is limited to what our buyer's group stock. Not all in the group feel the same way about Energy Star appliances as I do. The cheaper is better mentality is predominant. The majority of Energy Star appliances cost more. So, education of dealers and buyer's groups would be the answer.
- Keep consumer rebates
- Offer rebates
- Sales person incentive
- POP materials on product. Educate customers and advertising.
- Some less expensive models, such as Hotpoint for landlords, etc.
- Buying groups puts Energy Star in front of qualifiers for retailers.
- Make people more aware of Energy Star.
- Word of mouth. Manufacturer demand from customers for product.
- Signage, more advertising.
- Get more advertising
- Keep displaying them, keep educating the sales staff.
- Affect incremental price difference in regard to refrigerators.
- Salesman SPIFFs and enhance floor display
- Take more time to explain more about energy savings on the sales floor.
- If manufacturers make more Energy Star products then all appliances would be Energy Star.
- Can increase dedicated space to floor display (which we have done).
- Availability has nothing to do with them. It is supply and demand and up to manufacturers to product models.
- Have access to more advertising - co-op
- Do not see a way to increase availability to order but not available. Mention the Energy Star logo.

- Belong to Nationwide buyers group, but can special order anything.
- Advertising (rebates from manufacturers and utility companies. Use Energy Star logo in the ads.
- Have been doing - put knowledge into people about energy rating. Educate customers on Energy Star.
- Give more rebates. People love the rebates. Availability is up to Maytag - Maytag puts them aside for them exclusively.
- Labeling is the most important thing. Product labels help. To increase sales we would need more POP with specific details on savings (water and money) in black and white. Give us that and leave the rest up to the salesperson.
- Continue to pitch the benefits of Energy Star to the customers.
- Have mail-in rebates
- Would be up to the manufacturer. For example, supply is dictated by the manufacturers.
- Availability is okay, except for the Whirlpool Duet model 9100.
- Advertise and promote in the store. Literature.
- Point of purchase displays in prominent areas.
- Staff training. Full display of Energy Star products. Encourage manufacturer to offer lower priced Energy Star product.
- Advertise. Educate salesperson. Display Energy Star models. Educate customers on benefits to them and the environment.
- Rebate programs, spiffs.
- Have more product on display.
- Increased advertising. Include Energy Star symbols on ads.
- Better pricing.
- Spend more time with customers explaining Energy Star and which appliances are more efficient than others.
- Keep using existing POP materials and any possible advertising
- Availability is not much of an issue. Lots the Boston Group products sold. Issue may be more of a sales issue. Advertising with coop money. Continue using point of sale material.
- Possible work on price reduction.
- Keep supplies and information available to store for use with customer.
- Coop advertising, however, keep in mind that certain areas have different price points on various products that help draw people into the store. If you're asking stores to advertise the products that are Energy Star but outside of the products that draw customers then the utilities will have to increase the coop amount.
- Additional advertising and continued logo use on product. Continue training.
- Educate customers more.
- Rebates help.
- Public needs to see and read about Energy Star and then come in and ask questions. Stores can mention Energy Star and keep displayed materials out as they are doing now.
- As demand grows, increase displayed product. But keep educating consumers as they are doing now in order to increase demand.
- Fairly good amount of product already, don't know off hand.
- Floor plans are mapped out by Sears, we have no control.
- Cabinet design is the primary business here. Other than using the POP provided by APT or maybe adding a qualifying unit tot he sales floor not too much we do to increase availability and sales of Energy Star.
- Continual knowledge transfer of product from sales staff to customer.
- Really don't know how to answer this because a lot of what is available is driven by manufacturers and government regulations. You can add a few pieces tot he display floor but you also have to accommodate the type of market your area can afford. Continued advertising and store awareness to customers helps.
- High end products tend to dominate qualifying products. Need manufacturers to make more middle to low end-qualifying products, as they tend to be the meat and potatoes of many consumer purchases.

## 2) Would you expect to see the market share for these ENERGY STAR products increase, decrease, or remain about the same in the next three years if utility marketing of these products were discontinued?

- Decrease or stay the same

- Same or slight decrease
- Increase (15)
- Decrease (30)
- Stay the same (11)
- Not sure, depends on what manufacturers come out with over the years.
- Remain the same
- Don't know

### WHY?

- People know about Energy Star. The materials draw attention to the product. Identifying the product helps consumers identify the product. This is useful especially with the customers who like to shop before asking questions. It let's the customers know the store carries Energy Star products.
- Conscientious people would still look for Energy Star products. But without marketing you would have customers who would not take Energy Star into account when purchasing.
- Consumer and dealer awareness of benefits.
- Public knowledge would disappear. It's up to utility to keep it in people's mind, "Out of sight, out of mind."
- No incentives to purchase higher price product.
- The public has been made aware of, and is still concerned with energy needs vs. energy cost and availability.
- Because public awareness and concern would decrease. Also as a salesperson I would be less informed. As an owner I feel it is important to be kept informed and current.
- The clothes washer rebate was a wonderful endorsement. Many times I would explain all the features and savings of a front loader and a customer would be interested, but not completely sold, usually due to the significant price increase and knowing it could be a while before they made their money back. But when I showed them the rebate from the utility and explained that they wanted to give something back to the customer for going With the Energy Star it really meant something to them, because here someone other than me, the salesperson, was endorsing and promoting the sale of an Energy Star washer.
- Lack of exposure (POP/website). Would contribute to lack of an increase.
- Lose customer awareness
- More and more qualifiers, drought, water consumption, news, media
- No Answer (3)
- More and more people keep asking about Energy Star
- Customers watching what they spend on energy bills.
- Money savings
- No one would be out there educating consumers
- If there are no ads in bills it will decrease because bill stuffers educate customers.
- People are aware of energy savings since hearing about the drought on the news.
- No education for retailers.
- No education for customers
- People are more energy conscious.
- Increasing all the time, made the retailers aware and consumers aware but the utilities need to promote.
- Manufacturer would step in and do their own program
- People are aware and look for Energy Star has made sales form turn in refrigerator program. If it was gone sales would drop.
- People are more Environmentally educated.
- Won't be obvious for people to see. The stickers attract the attention. More educated people in this area.
- If not promoted it will end up going out of people's minds. The more we see Phil (the Energy Star rep) in the store, the more it reminds us of the program. Because customer and dealer awareness is out there but they will forget about it after a while.
- Due to electric cost going up.
- Because of marketing people are more aware of Energy Star. If it goes away people will forget about it.
- The consumer rebate really helps though. That is essential for success.
- Most people are aware now. Salespeople will mention it as a way to sell the customer up.
- If it is not in the customer's face then they forget.

- Would increase anyways due to the government influence on the manufacturer.
- No incentives to customers and lack of things to keep them aware of Energy Star.
- Public awareness has increased with advertising.
- Consumers currently inquire about Energy Star; this is a result of utility marketing.
- Customer just becoming aware of Energy Star and savings after all these years.
- Customers would not necessarily run out and buy a more expensive appliance.
- Customer awareness would decrease. Out of sight, out of mind!!
- I would at least expect to see the market remain the same due to the fact of the increased advertisements from independent retailers.
- Do not hit price point.
- People have lack of choice.
- Out of sight out of mind. Might remain the same with SPIFF incentives.
- People are accustomed to asking for Energy Star and stores are accustomed to selling Energy Star.
- Without utility marketing you discontinue the ability to remind customers of these products. You may take away some of the importance and benefits of buying an Energy Star appliance.
- Still need to keep the word going out to the customers.
- You need to have something that draws the customer's attention to the products. Keep it simple.
- People wouldn't be aware of it.
- Customers will not know about Energy Star savings.
- No education for retailers or customers.
- Lot's of seasonal business here on the island, so many customers don't buy high end products as often. This high-end category is what many Energy Star products fall into.
- People's bills are still going up.
- Maytag offers Energy Star support on products.
- Sears materials also identify products.
- POP out of sight would not attract questions, unless the customer knew about Energy Star or the sales staff mentioned it
- Knowledgeable customers will always ask but many people may not be aware and the labels are great due to the attention they draw. Without the in-store materials you have an out of sight out of mind situation.
- Loss of potential awareness to consumers unfamiliar to Energy Star.

**3) What marketing strategies could the utilities use to sustain (or increase) the current market share and sales trends for ENERGY STAR rated clothes washers currently present in the New England region assuming that they are unable to provide rebates for these appliances?**

- More advertising (utility sponsored). More specific savings chart, product type by product type. Sales spiffs.
- Promote the goodness of being frugal, how small amounts of wasted resources can create huge amounts of wasted resources. Show some of the savings consumers have already acquired through TV and print ads.
- Presuming no rebates, use a salesperson spiff program and/or advertising
- Rebates are obvious. Consumer education on rates such as water and electricity and then show the savings.
- Spiffs or food to retail salespeople.
- Promote the environmental benefits of using less water, and what it prevents from manufacturing less energy.
- Continue advertising to show the long-range gain. Reduce the price gap between an Energy Star product and a non-Energy Star product.
- Keep advertising, POP and labels to keep awareness in the forefront of people's minds.
- Manufacturers need to increase the number of availability of mid-priced Energy Star appliances. Salesperson SPIFF.
- More literature that shows savings
- News, media stories
- Advertise advantages and cost savings
- Mainly a rebate
- Change rates for customers with Energy Star products in home.
- Advertise more on front loaders



- Educating and advertising. Give away low sudsing detergent.
- More customer awareness through advertising.
- News media stories, like 11 o'clock news, CNN or Fox and SPIFFs.
- SPIFFs.
- Keep advertising savings. Utility and detergent savings.
- Trade in old inefficient products.
- SPIFFs.
- Advertise, direct mailings, and advertise savings.
- Retailer incentives. Keep getting message out there.
- Market front loaders and water savings. Franklin is growing so fast that they cannot keep up with water demands.
- Keep advertising how important Energy Star is, which increases public awareness through newspaper and radio ads.
- Continue to advertise the monetary benefits and explain the pay back by buying more efficient products.
- When utilities go out and survey homeowners telling them how much they can save if they purchase an Energy Star model.
- Advertise more such as bill inserts.
- Bringing back the rebate will not do anything. More information in the ads. Broaden awareness of Energy Star to consumers through outside of dealership ads.
- More advertising. Outside of giving rebates more advertising might help. Rebates really help offset the sales price of the Maytag Energy Star products.
- REBATES and SPIFFs. Advertising helps but you need two things: give the consumer a reason to buy and the salesperson a reason to sell.
- Keep advertising. Liked the catchy dirty little girl "Suzi" campaign
- How about a 12-month financing pick up by Energy Star; no payments, no interest.
- Advertising on TV, etc., keep the message out there.
- Incentive to customers. Inserts in monthly utility bills promoting Energy Star appliances.
- I cannot think of any other strategy that would be effective.
- More Education
- Rebates, advertising and consumer awareness.
- Point of sale material.
- Point of sale material in appliance stores.
- Some marketing strategies would be to continue sending flyers in the mail along with the customer's utility bill. The rebates on Energy Star products were also a big promotion for customers.
- Better pricing.
- Rebates!
- Advertise, SPIFF incentive.
- SPIFF programs, keep TV and print ads. The print campaign they had was helpful. Keep the coop advertising but increase the amount of coop money. Would help if coop could be coordinated by manufacturers to make it worthwhile to apply.
- Keep advertising of SPIFF but you won't lose a sale due to SPIFF. The advertising is the important part.
- Keep advertising in print and TV. If possible, keep general information simplified. The rebate is still the best tool even compared to a SPIFF. The customers tell each other about the rebates.
- The labels are nice but put simple information on them like saves water or uses 40% less energy if possible. Use something that shows how much money is saved, such as with the refrigerator tip cards. Might require more specific labels for product type as opposed to generic labels. Give consumers simple to the point information.
- Keep the radio and TV ads for continued awareness. If we do another sales training arrange bookings far in advance of program. A couple of months would help.
- Advertisement
- Put coupons in electric bill.
- Comparison advertising on energy savings.
- Keep awareness programs going. It does draw customers in to ask about the products.
- Highlight benefits in simple statement in print or advertising such as capacity, how much they save, septic or well benefits, cost saved or detergent reduction.
- Advertising

- Spiffs, more spiffs.
- At least keep doing what they are doing. Rebates always help but do not always determine a purchase. Create things that validate the numbers.
- Some way to reduce price. Make materials justifying why to purchase Energy Star. Keep it specific to product and keep it simple.

#### **4) What makes it difficult or prevents consumers from purchasing Energy Star appliances?**

- Increased pricing. It will vary by area.
- Price difference. Need manufacturers to reduce the price gap. Energy Star units would fly off of the sales floor.
- Generally a higher selling price.
- Lack of choice - not that many models.
- The cost difference from a non-Energy Star appliance to Energy Star. (But not always)
- Higher prices.
- Availability and price.
- Price (14)
- Cost (7)
- Timing and cost. When they buy a new house they buy Energy Star.
- Ignorance of knowledge of these products or cost
- Initial cost. People in this area do not have the money.
- More expensive, price difference sometimes is too much.
- Cost is generally higher.
- More expensive
- Cost factor. Not enough knowledge of product.
- Sales person needs to educate customers on savings.
- Pricing, less than us to be.
- Stock and availability
- Cost, variety - not many models availability.
- Cost. Auditors say that the customer must purchase a refrigerator that is above Energy Star standards using less usage than what an Energy Star model uses.
- The price on washers. Not enough products such as a top freezer for refrigerators.
- Cost, majority. Selection - sometimes only in high end when people want more of a basic model.
- Not so difficult. If product is still working it is a harder sell to sell Energy Star appliances. Harder to justify cost of purchasing versus savings.
- Price - as far as Maytag goes.
- Lack of awareness. Label it and we will sell it. Consumers cannot tell which are Energy Star and which are not. Make it easy for them and they will buy.
- Salesperson doesn't do their part educating the consumer. Customer's budget.
- Extra cost, customers do not look at long-term savings.
- Some people don't care about the long-term savings on Energy Star.
- They are high priced goods.
- In the Fall River area the average price of a washer is under \$400. Also, water costs are assumed by landlords.
- Always cost at time of purchase.
- Small selection of Energy Star products in consumer's price range.
- No rebates and lack of awareness.
- Knowledge.
- Prices of appliances
- Sometimes, it's the cost. Other times just educating customers on the savings that they will receive when purchasing an Energy Star rated product.
- Lack of knowledge.
- Customers want products with rebates.
- Price increase. Some understand what Energy Star is and some don't understand what Energy Star is.
- Price, otherwise no problems.
- Price and budget.

## 5) Willingness to Participate in Industry Initiated Promotions

Please rank the following on a scale of 1-5

(1=would definitely not participate 2= not likely to participate 3=might or might not participate  
4=likely to participate 5=would definitely participate)

a) Retailer Promotions	1 (1)	2 (4)	3 (6)	4 (18)	5 (30)	N/A (2)
b) Coop advertising	1 (3)	2 (3)	3 (17)	4 (13)	5 (24)	N/A (1)
c) Sales Spiff	1 (4)	2 (0)	3 (2)	4 (9)	5 (45)	N/A (1)
d) Sales Training	1 (0)	2 (6)	3 (8)	4 (20)	5 (25)	N/A (2)
e) Consumer instant rebates	1 (3)	2 (4)	3 (13)	4 (14)	5 (25)	N/A (2)
f) Consumer mail-in rebates	1 (0)	2 (1)	3 (4)	4 (7)	5 (49)	N/A (0)
g) Other (please describe):	1 (0)	2 (0)	3 (0)	4 (2)	5 (4)	N/A (55)

### Comments on Question 5

- So long as there is no fee to retailer to participate.
- Depends on contribution from the promo initiator
- Co-op needs to be simpler. Consumer incentive rebates should tie to SPIFF for the retailer.
- Other - Bigger SPIFFs
- Other - raffles
- Make the co-op process easier.
- Salesperson SPIFFs for selling Energy Star promo.
- Viking had a 15% instant rebate
- Any new involvement programs
- Really likes the sales training programs but we have to allow more time to schedule. Store would send as many people as possible but must have at least one-month notice to schedule staff. Also, do sales training during off peak times.
- a, b,d,e are determined by Sears corporate
- Most effective thing for a customer is money. Go back to the rebate. They short term rebates and tie-in to manufacturers or buying group programs.

## 6) Effectiveness of Industry Initiated Promotions on Market Share of ENERGY STAR Appliances

Please rank the following on a scale of 1-5

(1=will profoundly decrease market share 2=will decrease market share 3=will have a marginal affect  
on market share 4= will increase market share 5= will profoundly increase market share)

a) Retailer Promotions	1	2	3	4	5	N/A
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	(1)	(2)	(14)	(26)	(15)	(3)
b) Coop advertising	1 (1)	2 (3)	3 (16)	4 (22)	5 (16)	N/A (3)
c) Sales Spiff	1 (3)	2 (1)	3 (4)	4 (17)	5 (33)	N/A (3)
d) Sales Training	1 (0)	2 (3)	3 (8)	4 (33)	5 (14)	N/A (3)
e) Consumer instant rebates	1 (3)	2 (1)	3 (7)	4 (18)	5 (28)	N/A (4)
f) Consumer mail-in rebates	1 (0)	2 (2)	3 (3)	4 (21)	5 (33)	N/A (2)
g) Other (please describe):	1 (0)	2 (0)	3 (1)	4 (1)	5 (3)	N/A (56)

## Comments on Question 6

- Using above items should help market share but it's hard to gauge effectiveness from the store level. Larry felt all answers deserved a 3 to 4. He feels they need more advertising.
- No Comment
- Other - Advertising - utility company
- a) Would have to think about what about what type of promotions
- f) Do a package deal on rebates where a customer could get \$40 for one appliance, \$100 for two appliances or \$150 for three appliances.
- People really like the rebates

## 7) How do you see yourself promoting ENERGY STAR appliances? What efforts would you undertake to increase ENERGY STAR brand awareness and understanding? What would further motivate you to do so? *Please be specific.*

- Already using supplied materials for in store display and presentations. Many Energy Star products are already placed in high visibility areas of the store. It's a conversation topic/sales tool.
- Incentive/spiff to retailer for promoting the product or selling the product.
- We have tagged most Energy Star appliances as such and have moved many of them into better promotional locations within the store. We recommend Energy Star, where available, to the consumer as a first choice.
- Energy Star appliances can be promoted through advertising. To increase Energy Star brand awareness use advertising and put more Energy Star products on the sales floor. Motivation would be in the form of incentives and rebates.
- \$ - Educate consumers of availability and cost of savings.
- We promote Energy Star appliances as being a company that is concerned with energy use, availability and costs. We promote Energy Star and make comparisons to benefits and savings. As always more profits for the company and the individual.
- I try to point out the value of spending a little more initially to save in the future. We are given charts in savings, which I share with consumers. Spiffs are motivating for me but consumers like rebates.
- Nothing in particular because it's what comes natural to me. I personally regard the use of Energy Star appliances along with any way to conserve our resources as a priority. And because I own a front loader and love all that it does, it's only logical that I promote it. When customers try to decide between and Energy Star refrigerator that costs more and one that isn't I say to the customer that they might just recoup the price difference over the lifetime of the appliance but you don't know what kind of situation our resources will be in say in ten years. So why not make a small contribution now so that when

everyone works together it will make a large impact. To me dollar doesn't matter, and I put that point across in my sales.

- Keep displaying Energy Star products. Look at publications like "Consumer Reports" and see what they rate high and if it happens to be Energy Star, then if it is Energy Star make efforts to promote/sell it, as many customers make appliance purchase decisions based on reviews in Consumer Reports and similar consumer publications.
- Store advertising, promotions, SPIFF and rebates
- No Answer
- Co-op ads, rebates or SPIFFs
- Mainly it is the cost that stops customers from purchasing an Energy Star model.
- Simple format of differences under normal use for year with dollar amount specifics for savings would help.
- Bigger SPIFFs.
- Educate all customers. SPIFF.
- Advertising, co-op ads.
- Money SPIFFS. Most products promote themselves with the energy guide.
- SPIFF, educate customers
- Educating customers still. SPIFFs.
- Keep educating customers
- Talking more about energy savings. SPIFFs.
- In store displays, coupons, advertising SPIFFs.
- Through advertising Energy Star products, increase display, advertising money/program.
- Manufacturers are promoting them by going along with it. Educate customers during sales pitches; doing it would increase sales.
- Advertising more. Talk about Energy Star - make customers more aware educate consumer. Manufacturer would help promote with consumer rebates, more POP in store.
- Basically comparing appliances to one another. Same as the last. As utility rates go up do more selling of Energy Star models.
- Pointing out Energy Star appliances. Give sales people shirts to wear and they will wear them. SPIFFs.
- With rebates, sales incentive, monthly drawing for consumers, advertising. Instant rebate - rebates take precedence over everything. Sales incentives - training POP.
- High promote to consumer/customer - brings it up all the time. Make customers aware of savings in buying Energy Star products rather than looking at just retail costs (showing, promoting, advertising). SPIFFs, co-op ads, sales training.
- Push all the time; people are more aware so it is easy to sell Energy Star. By pushing them. Sales SPIFFs.
- Consistent - co-op advertising dollars available. Give more incentive to sell and they will do it.
- Salesperson spiffs
- Give us a good mail in rebate and some coop ads to run with.
- Newspaper advertising.
- Both in-store promotion and on TV. Include Energy Star message in all sales pitches/ Continue displaying and talking about Energy Star. More coop opportunities.
- Our salesmen are trained to show Energy Star appliances and discuss their benefits.
- Motivation is always customer satisfaction with product and profit for store and sales staff.
- With proper POP display and a better-educated consumer through Energy Star advertisements, would promote more Energy Star purchases.
- Coop advertising, retail spiffs and coverage by rep person.
- Print ads, coop advertising, rebates.
- Rebates, spiffs, incentives to dealers.
- Increasingly advertising Energy Star rated products. Putting the Energy Star logo everywhere.
- Energy Star is promoted better with the present programs.
- Spiff!!! Salesmen love spiffs!!
- Keep pointing out Energy Star products to consumers who are unaware of Energy Star or didn't notice the Energy Star label. We are doing this now.

- Proper displays, positioning of product and advertising. Having customers ask about products through utility marketing. It is nice to see SPIFFs added.
- Telling customer about savings and promotions. Keep doing what we are doing. SPIFFs, advertising.
- Keep showing the economic benefits of Energy Star products such as the water and electric savings as is currently provided.
- We already train staff appropriately using the supplied materials. Would probably use coop but amount provided would have to increase. Know the benefits to local consumers needs and apply to the products.
- More point of purchase and information tags. Show what the customer can save.
- Educating customers more. SPIFFs
- Show the customers the difference between qualifiers and non-qualifiers. Rebates.
- Product specs in the product. Energy Star ratings on each individual product.
- Keep working with customers on pros and cons of purchasing Energy Star appliances.
- Probably couldn't do much more due to size of store. Using existing materials is helpful.
- Use the supplied materials; educate consumers during the purchasing process. Motivate sales staff with incentives but that could depend on corporate policy.
- Point products out to customers. Any incentive for either staff or customers.
- Coop or sales spiff
- Make consumers aware of availability of products. Continue to use the available materials. Spiff or rebate programs help as they do have a reminder effect.
- Use existing materials for interested (and not interested) customers. Cost still inhibits effectiveness, no matter what.

#### 8) Would you be willing to provide sales data as part of an Industry Initiated Promotion?

Yes (51)

- Do not see a problem with field reps collecting data. Kevin would have final say and it would be determined on a case-by-case status (in case of multiple programs).
- Might take some time but with model numbers of qualifiers and non-qualifiers they feel they should be able to pull the data.
- That someone will sit and collect the data. Might not be able to get historical dating back to a year as all receipts get archived at a different storage site.
- Depends on how much work it takes.
- I see some benefit for my time spent making the extra effort.
- With advanced notice in writing, with specific needs and requests listed.
- I would expect and enjoy the Energy Star rep to continually keep me informed.
- I have no problem giving any type of sales data because my system makes it easily accessible.
- Provided confidentially
- No names or prices, just models.
- No solicitations to customers after someone looks at sales data.
- No names or addresses
- If it is simply done and not too time consuming.
- No prices, but will give how many sold
- No phone numbers, names or addresses. Customers would not want calls made to them. No credit card information. No prices.
- No names or prices
- Only brands and model numbers, no price or names and addresses
- No prices.
- No names, no soliciting.
- None
- Energy Star products similar to the washers now.
- If talking quantity not a problem. It depends on the confidentiality level.
- As long as not too complicated.
- We do it for washers now. Not too much of a problem to do it all.



## 2002 SMALL AND INDEPENDENT APPLIANCE RETAILER SURVEY

- For the right price, it is a lot of work. The computer is coming and that might be helpful to get it done.
  - Sandy will do it for them. It is all computerized.
  - Not that hard to get monthly sales off the computer.
  - Depends on how complicated it would be. If it is going to take more time it would depend on what we get in return but it should be easy.
  - We would have to sit down and discuss this. We currently do give clothes washer data.
  - Make it easy for us.
  - We supply sales data now.
  - Not requiring labor or time.
  - We provide sales data now!
  - Totals only
  - If it was in our interest.
  - If data requested is similar to data currently collected for clothes washers.
  - No problem sharing the information (anonymously). We would have to retrieve as we do it now. Could be difficult retrieving long-term data. Easiest way to collect information would be from The Boston Group if they would participate.
  - If it does not take too much time.
  - Might need assistance in collecting the data, but should be able to work this out.
  - Would have to be determined on case-by-case basis. Model numbers would be okay but pricing and other items would probably not fly.
  - Monthly sales history on specific products.
  - No prices
  - Should be able to, but would depend on conditions. The simpler the better.
  - Think so, it would depend.
  - If it can be generated through computer system.
  - Don't show data to competition
  - If it is similar to data collected for the washer program it should be okay. Need to evaluate at time of program presentation.
- No (10)
- Too time consuming (3)
  - No Comment
  - Don't want to.
  - Sales records are held privately.
  - Too much paperwork
  - Sorry, no time.
  - Does not have time
  - Would have to be determined by Steve Moran (President).

2002 Energy Star Appliance Market Share Data

State	Appliance Type	Percent ENERGY STAR
AK	AC	28.78%
AK	CW	44.95%
AK	DW	27.82%
AK	RF	26.95%
AL	AC	22.96%
AL	CW	7.83%
AL	DW	40.86%
AL	RF	15.69%
AR	AC	27.82%
AR	CW	9.54%
AR	DW	37.39%
AR	RF	15.09%
AZ	AC	28.91%
AZ	CW	19.11%
AZ	DW	34.36%
AZ	RF	20.55%
CA	AC	36.85%
CA	CW	22.78%
CA	DW	39.28%
CA	RF	25.68%
CO	AC	38.29%
CO	CW	26.50%
CO	DW	34.20%
CO	RF	23.74%
CT	AC	50.66%
CT	CW	25.47%
CT	DW	37.75%
CT	RF	25.91%
DE	AC	37.24%
DE	CW	18.02%
DE	DW	38.55%
DE	RF	22.74%
FL	AC	22.45%
FL	CW	13.17%
FL	DW	39.81%
FL	RF	19.42%
GA	AC	22.71%
GA	CW	11.36%
GA	DW	44.54%
GA	RF	19.10%
HI	AC	35.82%
HI	CW	14.77%
HI	DW	32.16%
HI	RF	22.85%
IA	AC	38.63%
IA	CW	17.86%
IA	DW	27.54%
IA	RF	15.61%

ID	AC	39.01%
ID	CW	23.06%
ID	DW	26.26%
ID	RF	19.40%
IL	AC	41.18%
IL	CW	14.06%
IL	DW	33.46%
IL	RF	20.47%
IN	AC	29.62%
IN	CW	13.22%
IN	DW	35.28%
IN	RF	15.78%
KS	AC	33.76%
KS	CW	16.23%
KS	DW	34.16%
KS	RF	18.04%
KY	AC	25.79%
KY	CW	8.42%
KY	DW	43.37%
KY	RF	13.31%
LA	AC	23.89%
LA	CW	6.06%
LA	DW	34.45%
LA	RF	17.20%
MA	AC	45.86%
MA	CW	24.90%
MA	DW	34.14%
MA	RF	25.36%
MD	AC	36.80%
MD	CW	17.77%
MD	DW	38.12%
MD	RF	21.77%
ME	AC	53.72%
ME	CW	24.93%
ME	DW	20.66%
ME	RF	25.75%
MI	AC	41.26%
MI	CW	18.24%
MI	DW	34.40%
MI	RF	19.85%
MN	AC	46.27%
MN	CW	25.81%
MN	DW	27.57%
MN	RF	22.14%
MO	AC	27.22%
MO	CW	11.36%
MO	DW	33.93%
MO	RF	18.31%
MS	AC	25.99%
MS	CW	6.12%
MS	DW	36.56%

MS	RF	16.17%
MT	AC	46.29%
MT	CW	25.78%
MT	DW	24.51%
MT	RF	21.19%
NC	AC	20.77%
NC	CW	9.98%
NC	DW	43.07%
NC	RF	15.42%
ND	AC	48.69%
ND	CW	17.25%
ND	DW	18.04%
ND	RF	17.54%
NE	AC	40.56%
NE	CW	12.93%
NE	DW	23.19%
NE	RF	15.78%
NH	AC	50.51%
NH	CW	30.43%
NH	DW	21.91%
NH	RF	26.75%
NJ	AC	46.29%
NJ	CW	19.73%
NJ	DW	32.85%
NJ	RF	22.64%
NM	AC	39.95%
NM	CW	18.68%
NM	DW	28.56%
NM	RF	20.08%
NV	AC	27.95%
NV	CW	22.21%
NV	DW	38.88%
NV	RF	21.61%
NY	AC	50.95%
NY	CW	17.86%
NY	DW	33.52%
NY	RF	22.86%
OH	AC	30.51%
OH	CW	13.79%
OH	DW	35.66%
OH	RF	16.06%
OK	AC	23.56%
OK	CW	11.04%
OK	DW	37.99%
OK	RF	17.51%
OR	AC	48.49%
OR	CW	33.70%
OR	DW	34.18%
OR	RF	22.74%
PA	AC	37.53%
PA	CW	14.28%

PA	DW	33.80%
PA	RF	18.28%
PR	AC	51.28%
PR	CW	3.33%
PR	DW	29.69%
PR	RF	17.87%
RI	AC	40.80%
RI	CW	16.91%
RI	DW	38.78%
RI	RF	20.07%
SC	AC	21.33%
SC	CW	7.99%
SC	DW	44.47%
SC	RF	13.64%
SD	AC	53.80%
SD	CW	15.73%
SD	DW	20.69%
SD	RF	17.34%
TN	AC	21.87%
TN	CW	10.67%
TN	DW	39.88%
TN	RF	17.98%
TX	AC	26.61%
TX	CW	11.31%
TX	DW	38.58%
TX	RF	18.47%
UT	AC	29.20%
UT	CW	21.37%
UT	DW	33.02%
UT	RF	18.51%
VA	AC	27.51%
VA	CW	14.10%
VA	DW	39.29%
VA	RF	18.20%
VT	AC	61.31%
VT	CW	33.52%
VT	DW	27.50%
VT	RF	24.83%
WA	AC	33.94%
WA	CW	33.05%
WA	DW	37.11%
WA	RF	22.90%
WI	AC	50.48%
WI	CW	25.62%
WI	DW	23.87%
WI	RF	21.34%
WV	AC	26.74%
WV	CW	6.70%
WV	DW	36.20%
WV	RF	12.70%
WY	AC	55.36%

WY	CW	20.74%
WY	DW	22.88%
WY	RF	20.81%





**Nexus Market Research**

**Market Progress and Evaluation Report (MPER)  
For the 2002 Massachusetts  
ENERGY STAR<sup>®</sup> Appliances Program**

**Final**

**Findings and Analysis**

**Submitted to:**

**Massachusetts Electric Company  
Nantucket Electric Company  
NSTAR Electric  
Western Massachusetts Electric Company  
Fitchburg Gas and Electric Light Company**

**Submitted by:**

**Nexus Market Research, Inc.  
RLW Analytics, Inc.  
Shel Feldman Management Consulting  
Research Into Action, Inc.**

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## 1. Executive Summary

This is a summary of a market progress evaluation (MPER) report on the Massachusetts ENERGY STAR Appliance program sponsored by Massachusetts Electric, Nantucket Electric, NSTAR Electric, Western Massachusetts Electric, and Fitchburg Gas and Electric.

### 1.1 Description of the Program and Evaluation Components

The long-term goal of the Massachusetts ENERGY STAR Appliance program is to help establish a market for high-efficiency appliances in the Northeast. On the supply side, the program is designed to help develop the manufacturer and retailer infrastructure necessary to make these appliances widely available. On the demand side, the program is designed to increase consumer awareness and demand for ENERGY STAR-labeled appliances. The program covers ENERGY STAR-labeled refrigerators, dishwashers, clothes washers, and room air conditioners. Key elements include:

- Marketing to consumers through advertising, educational programs, and selective rebates
- Support of retailers through co-operative advertising, promotional point-of-purchase (POP) materials, sales training, and incentives for sales associates (spiffs)
- Support of manufacturers through co-operative advertising
- Working with federal agencies and manufacturers to support increasing energy efficiency standards.

This study integrates data and findings from a variety of evaluation activities, including:

- Secondary research on other ENERGY STAR appliance programs and consumer behavior related to appliances
- A survey conducted via Web TV among Massachusetts consumers, paralleling a national survey conducted by the Consortium for Energy Efficiency (CEE) at the same time, to assess recognition and understanding of the ENERGY STAR label
- A random-digit dial (RDD) telephone survey of recent purchasers of and shoppers for appliances in Massachusetts to estimate market size and market share, and to assess the role of ENERGY STAR in purchasing and shopping decisions
- A survey of appliance purchase patterns among buyers of new homes in Massachusetts, conducted as a part of an evaluation of the ENERGY STAR Homes Program
- A telephone survey of appliance retailers and purchasing executives in Massachusetts to assess marketing and stocking of ENERGY STAR-labeled appliances
- Mystery shopping visits in Massachusetts appliance retail stores to assess the presence of ENERGY STAR appliances and promotional materials on the sales floor, and salespersons' knowledge, attitudes, and selling practices with respect to ENERGY STAR
- An assessment of the Massachusetts utilities' ENERGY STAR appliance marketing plan in comparison with those from elsewhere in the country, and in relation to overall program goals and theory
- A brief assessment of non-energy benefits (NEBs) identified through the current evaluation and secondary data sources.

## 1.2 Market Characterization

Refrigerators, dishwashers, clothes washers, and room air conditioner share a common set of manufacturers, distributors, and retailers (although this is less the case for room air conditioners, as outlined below). The four markets are distinct in several important ways, however.

The room air conditioner market differs from the other appliance markets in that people most commonly buy them for new applications rather than for replacement, sales at Sears account for a much smaller share than is the case with the other appliance types, they are sold at hardware stores and discount stores in addition to the stores selling the other appliance types, they are seasonal in use and availability, they are stocked in stores in addition to warehouses, customers can and do take them home, some of the manufacturers are outside the set of those producing the other appliances, and they often come through different distribution centers. Energy savings of ENERGY STAR models compared to non- ENERGY STAR models are about 10%. We have not estimated the market share of ENERGY STAR-labeled room air conditioners for 2002.

Clothes washers differ markedly from the other appliance types in that the energy savings are by far the highest (50% over non- ENERGY STAR models, compared to 10% for refrigerators and room air conditioners, and 25% for dishwashers), and in that they offer many more—and more important—non-energy benefits. These non-energy benefits include water and wastewater savings, less drying time, detergent savings, less wear and tear on clothes, cleaner clothes, fewer breakdowns (on some models), and better coordination with dryers. Aside from savings on electricity use in the clothes washer itself, there are also significant fuel savings from less hot water use and reduced drying time. Perhaps because of all of these energy and non-energy benefits, and perhaps because of the effects of the program (or a combination of the two), consumers show more intentionality about the purchase of ENERGY STAR-labeled clothes washers than about the purchase of ENERGY STAR models of the other appliance types—that is, they are more likely to seek them out. We estimate that the current market share of ENERGY STAR-labeled clothes washers is 28% out of all clothes washers sold in Massachusetts.

Compared to the other appliance types, the most unique feature of refrigerators is that they are considered a non-discretionary necessity and are present in virtually all households. Accordingly, landlords purchase 14% of all refrigerators, compared to 3% to 5% of the other appliance types. Energy savings of ENERGY STAR models vs. non- ENERGY STAR models are about 10%, but savings over 10-year old models is about 50%. We estimate that the current market share of ENERGY STAR-labeled refrigerators is 33% out of all refrigerators sold in Massachusetts.

The unique aspects of the dishwasher component of the appliance program are: 1) the purported energy savings are disputed (by *Consumer Reports*)—and, because of the small or non-existent savings, many retailers counter-sell against ENERGY STAR models; and 2) the proportion of dishwashers going to new homes is more than twice as high as the proportion of refrigerators and dishwashers going to new homes. Energy savings of ENERGY STAR models vs. non- ENERGY STAR models are about 25%—but again, these purported savings are disputed. We estimate that the current market share of ENERGY STAR-labeled dishwashers is 39% out of all dishwashers sold in Massachusetts. Part of the reason for the higher ENERGY STAR market share for dishwashers than for clothes washers is that many of the more expensive models with more advanced features

also have the label; a consumer wanting these other features will often end up with an ENERGY STAR model as an unintended consequence of the selection process.

### 1.3 Market Effects of the Program

The primary barriers to greater market share for energy-efficient appliances identified by the utilities are:

- Limited availability of ENERGY STAR models
- High first cost
- Lack of consumer awareness of ENERGY STAR appliances
- Lack of retailer/supplier interest in and support for ENERGY STAR appliances

Market indicators from the current evaluation show that all of these market barriers have been reduced, and many of the expected market effects have occurred.

Sales of ENERGY STAR-labeled appliances are an indicator of market effects overcoming limited availability of ENERGY STAR models and high first cost. The market share of ENERGY STAR-labeled clothes washers has increased from 8% in 1998, to 16% in 1999, to 19% in 2000, to 28% in 2002. The market share of ENERGY STAR-labeled refrigerators has increased from 19% in 1999, to 25% in 2000, to 33% in 2002. The market share of ENERGY STAR-labeled dishwashers has increased from 17% in 1999, to 21% in 2000, to 39% in 2002.

Another indicator of market effects overcoming the barrier of limited product availability is that 43% of retailers are increasing their orders for ENERGY STAR-labeled appliances in 2003. However, an indicator that the barrier remains is that 16% of retailers report slow delivery of ENERGY STAR-labeled refrigerators or dishwashers.

Indicators that the barrier of lack of consumer awareness is being overcome are as follows:

- 31% of Massachusetts consumers show unaided awareness of ENERGY STAR in 2002 compared to 22% nationally in 2002, and compared to 28% in Massachusetts in 1999
- After seeing the label, 56% of Massachusetts consumers show high understanding of ENERGY STAR, compared with 49% nationally and 48% in other high publicity areas
- 43% of all Massachusetts consumers show aided awareness of ES appliances, vs. 23% nationally, 34% in other high publicity areas, and 31% in Massachusetts in 1999
- Retailers report that 32% of consumers ask for ENERGY STAR appliances.

The following are indicators of reduction of the barrier of lack of retailer and supplier support:

- One hundred percent of retailers are aware of ENERGY STAR, vs. 50% in 1999
- Eighty percent say the ENERGY STAR program fits their store image
- Eighty-four percent desire more sales training due to turnover
- Point-of-purchase materials (POP) are present in 72% of stores, vs. 60% in 1999.

There is evidence that the efforts of the Massachusetts ENERGY STAR Appliances Program may be directly responsible for reduction of barriers in the following ways:

- There is greater consumer recognition and understanding of the ENERGY STAR label in comparison to areas of the country with no utility support for ENERGY STAR
- Retailers say that without the ENERGY STAR marketing efforts by the program they would not be promoting ENERGY STAR to such an extent, and that program efforts have boosted sales of ENERGY STAR appliances.

## **1.4 Process Issues**

Some of the process-related issues that came up in the course of this study are as follows:

- Retailers' and manufacturers' timelines are quite different from utility timelines. The process for responding to opportunities with manufacturers and retailers does not seem to be flexible enough to maximize the potential for cooperative leveraging of resources.
- The overwhelming majority of retailers interviewed (53 out of 59) say that the Massachusetts ENERGY STAR Appliance program fits well into their corporate image and direction.
- All of the retailers interviewed report using most program components to support sales, including sales training, rebate forms, program displays, co-op advertising, ENERGY STAR labels and other POP materials.
- Most retailers (84%) believe their staff could benefit from additional training on ENERGY STAR appliances.

## **1.5 Conclusions and Recommendations**

Based on the above findings, which are explained in more detail in the following section, and in further detail in appendices to this report, we offer the following conclusions and associated recommendations.

### **Greater Separation of Markets**

The markets for the four appliance types differ in several important ways that call for different strategies and tactics, while recognizing the commonalities that call for shared program delivery.

- The seasonality of the room air conditioner market means that utilities need to work with manufacturers and retailers well in advance—at least by the early fall of the year prior to the spring/summer promotion. Because consumers want to be able to walk out of the store with a room air conditioner when it's hot, stocking of efficient models is critical, and is where utilities should concentrate their efforts.
- ENERGY STAR-labeled clothes washers provide the most energy and non-energy benefits, making the potential for long-term market transformation much greater than with the other appliance types. The utilities should take great care to review the underlying logic and capitalize on interventions that will facilitate and support sustainable change.

## **Evaluation Findings**

- Because of disputes about the energy savings attributable to ENERGY STAR-labeled dishwashers—and counter-selling by retailers—the utilities may want to minimize their dishwasher promotions until the standards are revised and savings are more certain.
- Because the energy savings of ENERGY STAR-labeled refrigerators are moderate compared to non-ENERGY STAR models, but quite large compared to older units, the utilities should consider providing incentives for ENERGY STAR-labeled refrigerators that replace older models, providing that the older models can be verified to be out of service.

## **Promotion of ENERGY STAR in General**

The Massachusetts utilities' broad-based promotion of the ENERGY STAR label, concentrating on lighting and appliances, seems to have paid off. The utilities should consider some level of continued broad-based promotion of the label to maintain or increase these high levels of awareness and understanding.

## **Facilitation of Relations with Retailers and Manufacturers**

Continuing success of the program will depend on the ability of the marketing support contractors to meet the needs of retailers and manufacturers while at the same time managing program resources. These recommendations should facilitate this process:

- Increase the maximum paid for co-op efforts; consider using a project approach (not only advertising, but also labeling, providing sales data, etc.) for retailers and manufacturers.
- Increase the flexibility that marketing support contractors have to negotiate with retailers and manufacturers.
- Provide a single point of contact, responsible to the utility sponsors, to work directly with the market support contractors, as well as retailers and manufacturers. This person should develop simplified procedures for coordinating utility input and expediting necessary documentation and approvals.

## **Development of Program Theory**

The Massachusetts Utilities ENERGY STAR Appliance Program does not yet have a fully articulated program theory.

- Expand and clarify program theory: include retailers' and manufacturers roles; address market niche strategies for different appliances.
- Require that the marketing support contractors develop annual tactical marketing plans with measurable goals and objectives grounded in the results of the evaluation.
- Track program progress on an annual basis.

## **Market Share Tracking**

Market share tracking that is consistent, unbiased, and has reasonable face validity is essential for evaluating the program's success. No outside source that meets these criteria is available. We therefore recommend, and have provided a draft plan for, the use of a retailer survey-based



approach for estimating market size and ENERGY STAR market share for all four appliance types in 2003. *Note that decisions about this plan need to be made immediately.*

### **Identification of ENERGY STAR Models**

There is a great deal of confusion among recent purchasers as to whether or not they have ENERGY STAR-labeled appliances. The utilities should try to reinforce the identity of ENERGY STAR models through marketing and labeling efforts, as well as post-sales communications.